State of Alaska

Comprehensive Annual Financial Report

For the Fiscal Year
July 1, 2009 – June 30, 2010

Prepared by:
Department of Administration
Division of Finance

The FY 2010 CAFR is expected to be available on or after December 15, 2010 on our Internet web site at http://dof.doa.alaska.gov/dof/financial_reports/cafr_toc.jsp.

This publication was released by the Department of Administration, Division of Finance to report on the State's financial status. Produced and printed in Juneau, Alaska at a cost of $22.95 per copy. This publication is required by AS 37.05.210.

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STATE OF ALASKA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2010

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Introductory Section

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STATE OF ALASKA

DEPARTMENT OF ADMINISTRATION

OFFICE OF THE COMMISSIONER

SEAN PARNELL, GOVERNOR

P.O. BOX 110200
JUNEAU, ALASKA 99811-0200
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December 15, 2010

The Honorable Sean Parnell, Governor
Members of the Legislature
Citizens of the State of Alaska

In accordance with Alaska Statute (AS) 37.05.210, it is our pleasure to present the Comprehensive Annual Financial Report (CAFR) of the State of Alaska for the fiscal year ending June 30, 2010. This report has been prepared by the Department of Administration, Division of Finance. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the State. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the State. Statistical and demographic information are included to enable the reader to gain an understanding of the State's financial activities.

INTRODUCTION

Internal Controls

The Department of Administration, Division of Finance, is primarily responsible for the overall operation of the State's central accounting system. The State's system of internal controls over the accounting system has been designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management.

Some component units operate outside the State's central accounting system. Those component units are responsible for establishing and maintaining their own separate internal control structures.

Audits

The Division of Legislative Audit is the principal auditor of the State's reporting entity. The audit of the CAFR was conducted in accordance with generally accepted auditing standards (GAAS). The independent auditor's report is the first item in the financial section of the CAFR and precedes the MD&A and basic financial statements. The goal of the independent audit is to provide reasonable assurance that the financial statements of the State for the fiscal year ended June 30, 2010, are free of material misstatement. The audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the CAFR, assessing the accounting principles used, and evaluating the overall financial statement presentation.

In addition to the annual audit of the State's CAFR, the State is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act of 1984 and the U.S. Office of Management and Budget's Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Information related to this single audit, including a schedule of expenditures of federal awards, the auditor's reports on internal controls and compliance with applicable laws and regulations, and a schedule of findings and questioned costs will be published at a later date under separate cover by the Division of Legislative Audit.

Management's Discussion and Analysis (MD&A)

Governmental Accounting Standards Board Statement No. 34 requires that management provide a narrative introduction, overview, and analysis of the State's financial activities. This transmittal letter is intended to complement the MD&A and should be read in conjunction with it. The MD&A can be found immediately following the independent auditor's report.

PROFILE OF THE STATE OF ALASKA

The State of Alaska was the 49th state admitted into the Union in 1959. The Alaska Constitution was adopted by the Constitutional Convention February 5, 1956, ratified by the people of Alaska April 24, 1956, and became operative with the formal proclamation of statehood January 3, 1959.

There are three branches of government: legislative, executive, and judicial. The legislative power of the State is vested in a legislature consisting of a Senate with a membership of 20 and a House of Representatives with a membership of 40. The executive power of the State is vested in the governor. The judicial power of the State is vested in a supreme court, a superior court, and the courts established by the legislature. The jurisdiction of courts and judicial districts are prescribed by law. The courts constitute a unified judicial system for operation and administration.

The State of Alaska reporting entity reflected in this CAFR, which is described more fully in Note 1 to the basic financial statements, conforms with the requirements of Governmental Accounting Standards Board Statement No. 14, *The Financial Reporting Entity*. These criteria include financial accountability, fiscal dependency, and legal standing. The concept underlying the definition of the financial reporting entity is that elected officials are accountable to their constituents. The financial statements should allow users to distinguish between the primary government (the State) and its component units, with the emphasis being on the primary government. Consequently, this transmittal letter, the MD&A, and the financial statements focus on the State and its activities. Although information pertaining to the discretely presented component units is provided, their separately issued financial statements should be read to obtain a complete overview of their financial position.

The State provides a range of services including education, health and human services, transportation, law enforcement, judicial, public safety, community and economic development, public improvements, and general administrative services.

Accounting System and Budgetary Control

The State's government-wide, proprietary, and fiduciary fund financial statements are reported on the accrual basis of accounting. The State's financial statements for governmental funds have been prepared on a modified accrual basis of accounting, with revenues being recorded when measurable and available and expenditures being recorded when services or goods are received and the liabilities incurred.

The State maintains budgetary controls. The objective of these controls is to ensure compliance with legal provisions embodied in the budget appropriated annually by the legislature. Annual operating budgets are adopted through passage of appropriation bills (session laws) by the legislature with approval by the governor. These laws also identify the source of funding for the budgeted amounts. Control is maintained at the departmental level by recording budgeted amounts, funding sources, expenditures, and encumbrances within the appropriation structure in the State's central accounting system. Open encumbrances are reported as reservations of fund balance at the end of the fiscal year.

Cash and Investment Management

As discussed more fully in Note 4 to the basic financial statements, the State's cash is managed by the Treasury Division in the Department of Revenue or by other administrative bodies as determined by law. All cash deposited in the State Treasury is managed to achieve a particular target rate of return as determined by the investment objectives set for a given fund. Cash in excess of the amount needed to meet current expenditures is invested pursuant to AS 37.10.070-071, which requires that investments shall be made with the judgment and care under circumstances then prevailing that an institutional investor of ordinary professional prudence, discretion, and intelligence exercises in managing large investment portfolios.

Treasury has established an array of investment pools with varying investment horizons and risk profiles. Investments are managed in a pooled environment unless required by statute or bond resolution to be held separately. Commingled investment pools maximize earnings potential, provide economies-of-scale, and allow smaller funds to participate in investment opportunities that would otherwise be unavailable to them. Rather than each participant (fund) buying identical individual securities, larger quantities of securities can be purchased at one time, reducing the operating costs and number of transactions. A fund's equity ownership in a pool is based on the number of shares held by the fund.

Cash Flow and Revenue Shortfalls

After oil began flowing through the Trans-Alaska Pipeline in the late 1970s, the State enjoyed the enviable position of having sizeable sums of cash flowing into the State Treasury. This cash funded a steadily growing state operating budget, large and small annual capital budgets, and the State's permanent fund.

In more recent years, the reality of declining oil production and the corresponding decrease in available cash has become more apparent. The volatility of oil prices has a profound effect on the annual budgeting process. Also associated with this volatility, though less widely understood, is a cash flow situation that could lead to a cash deficiency for the State.

Prior to 1985, most unrestricted revenues flowed directly into the State's General Fund where they were available to pay day-to-day costs of operating State government. This is no longer the case. Over time, the legislature has established many subfunds of the General Fund to segregate cash for budgeting purposes. In 1990 the legislature appropriated the entire General Fund balance available for appropriation at the end of FY 91 to a statutory Budget Reserve Fund (SBRF). By a vote of the people in 1990, the Alaska Constitution was amended to establish a separate Constitutional Budget Reserve Fund (CBRF) into which oil tax settlement revenues are deposited. The effect of these actions diverted cash historically destined for the General Fund to other cash pools that were not available to pay day-to-day State operating costs.

Also contributing to the potential for a cash deficiency is the fact that the inflow of unrestricted revenues does not mirror the outflow of cash expenditures. Revenues and expenditures are cyclic with high and

low periods, which do not necessarily coincide. The first quarter expenditures of each fiscal year are generally higher than revenues for the same period. Clearly, if the General Fund (excluding the subfunds) does not have a large cash balance at the beginning of the fiscal year or if other sources of funds are not available, the State faces the possibility of a cash deficiency before the end of the first quarter. A memorandum of understanding outlines the steps to be taken in various scenarios involving a cash deficiency.

Borrowing from the budget reserve funds has been the solution for both cash flow shortages and revenue shortfalls. Between FY 93 and FY 05, the legislature addressed the possibility of a revenue shortfall by including language in the appropriation act permitting the executive branch to borrow cash from the statutory and constitutional budget reserve funds in the event expenditures exceeded revenues. In FY 93 and again in FY 96, funds were taken from the SBRF to balance revenues and expenditures. Cash was borrowed from the CBRF in FY 94, FY 95, FY 96, FY 98, FY 99, FY 00, FY 02, FY 03, FY 04, and FY 05 to balance revenues and expenditures. In FY 07, FY 08, FY 09, and FY 10, $50 million, $3 billion, $1 billion, and $401.6 million respectively, was appropriated from the General Fund to the CBRF to pay the remaining borrowed amount. As of June 30, 2010, the total amount owed to the CBRF has been fully repaid.

Risk Management

As more fully detailed in Note 12C to the basic financial statements, the State's risk management program provides a primary layer of self-insured retention supplemented by excess insurance coverage. The State's risk management program covers all State agencies and component units, except for the Alaska Housing Finance Corporation, Alaska Railroad Corporation, and the University of Alaska, who administer their own programs. Further, there is separate coverage provided by the individual component units, such as the Alaska Industrial Development and Export Authority, for certain individual projects.

General Fund Operations

The well-being of the State of Alaska is best reflected in the operations of the General Fund. The General Fund is the State's primary operating fund and accounts for all financial resources except those required to be accounted for in another fund. The State maintains many accounts and subfunds (created by law) that are accounted for and reported within the General Fund. Four of the most notable are the Constitutional Budget Reserve Fund, the Statutory Budget Reserve Fund, the Permanent Fund Dividend Fund, and the Public Education Fund. Because of materiality and public interest in these funds, individual fund data for each is provided in the combining statements for the General Fund included in this report.

The table on the following page shows General Fund revenues by category for the current and previous fiscal year. Clearly, the State's major source of unrestricted revenue is related to petroleum taxes, rents, and royalties. In FY 10, petroleum revenue dropped $719.4 million to 57 percent of all General Fund revenues.

The largest source of nonpetroleum revenues is federal, which makes up 27 percent of revenues. During FY 09, Governor Palin signed the certification required to receive federal funding under the American Recovery and Reinvestment Act of 2009. Between FY 09 and FY 11, Alaska is expected to receive and expend nearly $1.2 billion in formula and competitive funding available under the Act.

Not all revenues that flow into the General Fund are available to pay for unrestricted government activities. The most notable are federal revenues, which are provided for specific purposes.

(Stated in millions)	FY 10	Percent	FY 09	Percent
Petroleum Revenue				
Property Tax	$ 118.8	1.4%	$ 111.2	1.4%
Corporate Petroleum Income Tax	493.7	5.6%	528.6	6.5%
Severance Tax	2,860.5	32.5%	3,537.0	43.2%
Mineral Bonuses and Rents	9.1	0.1%	12.4	0.1%
Oil and Gas Royalties	1,523.0	17.3%	1,535.3	18.7%
Total Petroleum Revenue	5,005.1	56.9%	5,724.5	69.9%
Nonpetroleum Revenue				
Taxes	105.9	1.2%	134.5	1.6%
Licenses and Permits	114.0	1.3%	114.0	1.4%
Charges for Services	163.9	1.9%	175.7	2.2%
Fines and Forfeitures	14.6	0.1%	13.7	0.2%
Rents and Royalties	15.9	0.2%	12.1	0.1%
Interest and Investment Income/(Loss)	925.1	10.5%	(145.2)	-1.8%
Other Revenue	64.1	0.7%	67.2	0.9%
Total Nonpetroleum Revenue	1,403.5	15.9%	372.0	4.6%
Federal Revenue	2,394.1	27.2%	2,088.4	25.5%
Total Revenues	$ 8,802.7	100.0%	$ 8,184.9	100.0%

The total expenditures charged against General Fund appropriations during FY 10 amounted to $8.4 billion, a decrease of $1.1 billion from FY 09. This decrease is mainly attributable to the Department of Revenue reduction due to a smaller dividend payment and the elimination of the Alaska Resource Rebate, which paid out $1,200 to each Alaskan resident in FY 09 to assist with high fuel costs. The Alaska Permanent Fund Dividend paid in FY 10 was $1,305/resident. Expenditures by department are compared with the prior year in the following table:

Department Expenditures (stated in millions)	FY 10	Percent	FY 09	Percent
Office of the Governor	$ 74.5	0.9%	$ 46.4	0.5%
Administration	452.0	5.4%	833.2	8.7%
Law	146.7	1.7%	53.8	0.6%
Revenue	1,010.4	12.0%	2,147.8	22.5%
Education and Early Development	1,472.5	17.5%	1,389.4	14.5%
Health and Social Services	2,181.4	25.9%	1,981.8	20.8%
Labor and Workforce Development	149.6	1.8%	129.0	1.4%
Commerce, Community, and Economic Development	380.7	4.5%	548.6	5.7%
Military and Veterans' Affairs	76.1	0.9%	64.3	0.7%
Natural Resources	199.7	2.4%	146.4	1.5%
Fish and Game	96.4	1.1%	89.7	0.9%
Public Safety	175.8	2.1%	156.8	1.6%
Environmental Conservation	137.9	1.6%	167.6	1.8%
Corrections	248.8	3.0%	240.4	2.5%
Transportation and Public Facilities	1,076.5	12.8%	1,022.9	10.7%
Legislature	56.1	0.7%	55.8	0.6%
Debt Service	8.0	0.1%	8.3	0.1%
Alaska Court System	94.8	1.1%	91.4	1.0%
University	381.6	4.5%	375.0	3.9%
Total Expenditures	$ 8,419.5	100.0%	$ 9,548.6	100.0%

Public Employees' and Teachers' Retirement Systems Pension Funds

Net assets at June 30, 2010 of the two largest pension funds, the Public Employees' (PERS) and Teachers' (TRS) Retirement Systems' funds, were $9.7 billion and $4.1 billion respectively. The funding status for PERS and TRS pensions and postemployment healthcare as of the June 30, 2009, actuarial valuations indicated the actuarial accrued liabilities were 63.0 percent pensions and 32.4 percent postemployment funded for PERS, and 57.0 percent pension and 29.5 percent postemployment funded for TRS. Further information on these and other pension funds, including the Supplemental Benefits System and Deferred Compensation plans, can be found in Notes 7, 8, and 9 to the basic financial statements.

Economic Condition and Outlook

As mentioned earlier, the State's major source of revenue is petroleum related. The price of oil has had its ups and downs over the years and FY 10 was a relatively stable year by recent standards. The Department of Revenue projected a FY 10 average price of $75.32 per barrel for the Alaska North Slope West Coast price in its Spring 2010 forecast. Actual Alaska North Slope oil prices were $0.42 per barrel lower than the estimate, averaging $74.90 for the fiscal year.

With the State so dependent on petroleum revenues, the price of oil and gas is always a critical element for budgeting. After the Alaska Gasline Inducement Act was signed in June 2007, the administration initiated a competitive process to select a licensee to build the gas pipeline. On August 1, 2008, the Twenty-Fifth Legislature passed Chapter 3, 4SSLA 08 which authorizes the issuance of a license to TransCanada Alaska Company, LLC and Foothills Pipe Lines, Ltd. ExxonMobil joined the TransCanada Alaska Company AGIA project in June of 2009. TransCanada Alaska Company and Exxon completed the open season for the gas pipeline in July of 2010.

The method of calculating production tax revenue changed on April 1, 2006 with the implementation of the Petroleum Profits Tax (PPT). The tax rate structure changed again in November 2007 with the passage of the Alaska Clear and Equitable Share (ACES) legislation (Chapter 1, SSLA 07).

The decrease in petroleum revenues collected in FY 10 is attributable to lower production and a lower tax rate as discussed in the MD&A and further explained in Schedule B-2 of the statistical section of this report. Nevertheless, $401.6 million was appropriated from the General Fund which fully repaid the remaining amount borrowed from the CBRF.

At the end of FY 10, the remaining available balance of $190 million in the General Fund was transferred to the Statutory Budget Reserve Fund per Chapter 13, SLA 2010, section 18.

The State of Alaska's bond rating was upgraded in November 2010 to Aaa, the highest grade, by Moody's Investors Services. This is the first Aaa rating in the State's history, and represents the first upgrade due to a reassessment of the State's credit since 1992. According to Moody's, this upgrade is due to the State's large financial reserves, strong financial management, and conservative fiscal decisions.

Looking ahead at the next 10 years, a cornerstone of Alaska's fiscal plan is to diversify its revenue base. The main emphasis of the 10-year plan is to facilitate Alaska's transition from a predominantly oil revenue base to an oil and natural gas revenue base. Construction of a pipeline to monetize Alaska's natural gas resources is a key element in providing for the future fiscal and economic stability of the State. Revenue generated from a natural gas pipeline will help diversify Alaska's revenue sources and provide a substantial source of new revenue to offset declining oil revenue. In addition, the gas pipeline

will provide economic opportunity through the provision of a stable, clean source of energy to fuel Alaskan businesses and homes for years to come.

All State agencies are reporting program performance that describes the results of their service efforts and accomplishments. This information is available on the Office of Management and Budget web site at *www.omb.alaska.gov*.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the State of Alaska for its CAFR as of and for the fiscal year ended June 30, 2009. This is the seventh year the State of Alaska has received this award on the CAFR. The Certificate of Achievement is a prestigious national award, recognizing conformance with the highest standards for preparation of government financial reports. It represents a significant accomplishment by a government and its management.

To be awarded the Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR, the contents of which conform to GFOA standards and satisfy both generally accepted accounting principles and applicable legal requirements. The certificate is valid for a period of one year only. We believe the CAFR for the State of Alaska as of and for the fiscal year ended June 30, 2010 conforms to the award criteria, and we are submitting it to the GFOA for review.

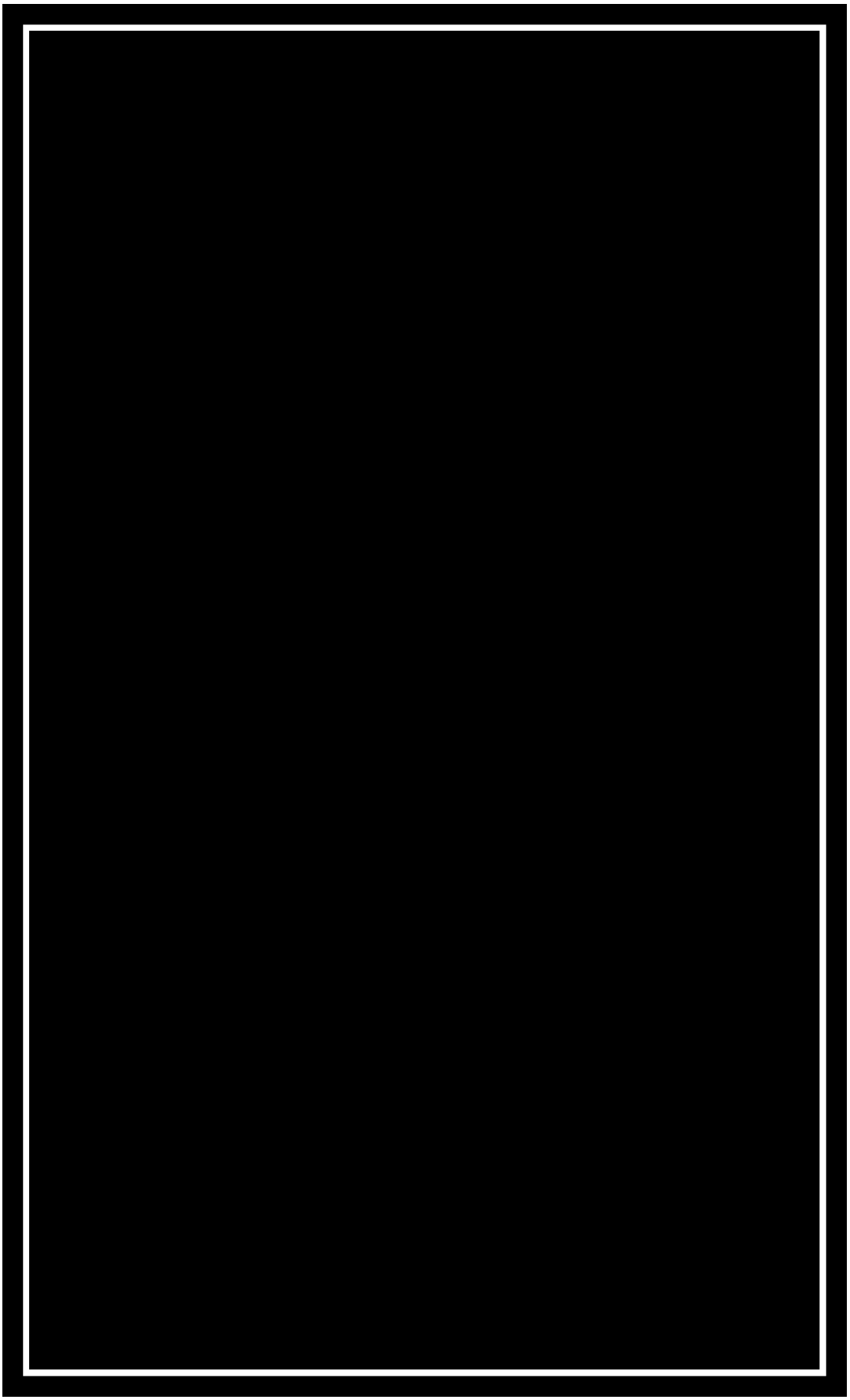
We wish to express our sincere appreciation to the many individuals whose dedicated efforts have made this report possible. The preparation of this report could not have been accomplished without the professionalism and dedication demonstrated by the financial and management personnel of each State agency, each component unit, and the dedicated staff within the Division of Finance.

Sincerely,

John Cramer
Acting Commissioner
Department of Administration

Kim J. Garnero, CPA
Director
Division of Finance

Lisa M. Pusich, CPA
State Accountant
Division of Finance



STATE OF ALASKA
GENERAL FUND
REVENUE SOURCES

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

$8,803
(Millions)

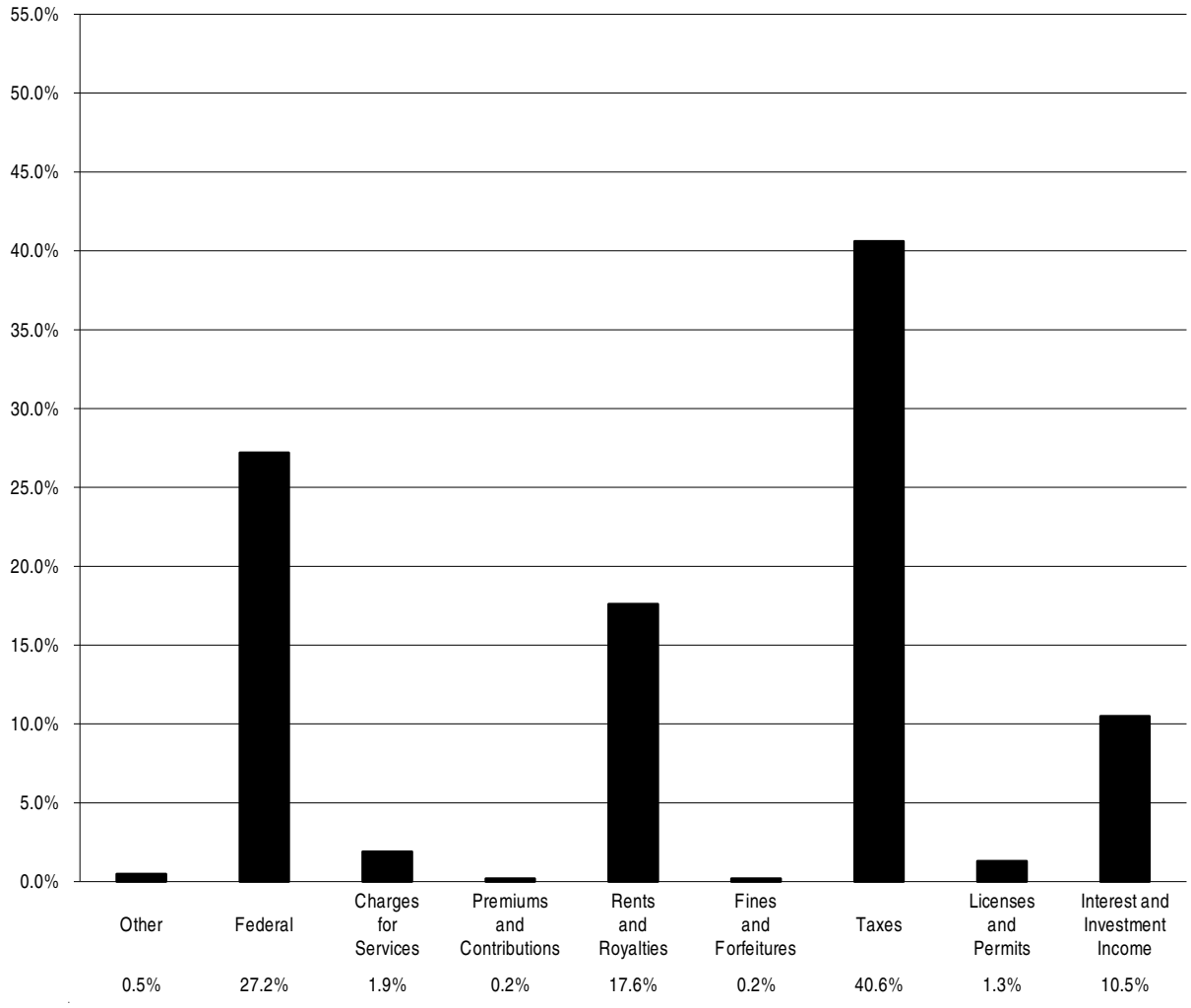
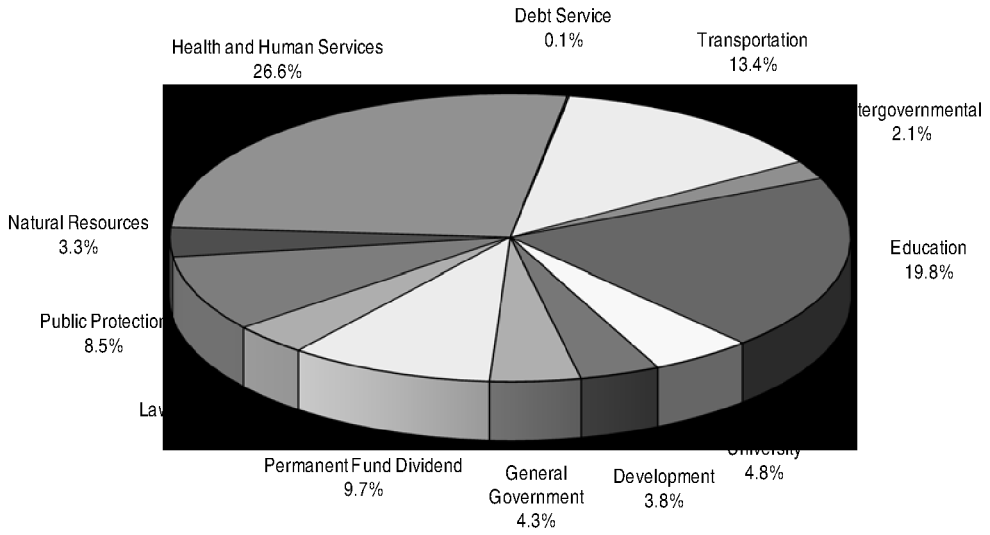


EXHIBIT 2

STATE OF ALASKA
GENERAL FUND
EXPENDITURES BY FUNCTION

FOR THE FISCAL YEAR ENDED JUNE 30, 2010

$8,419
(Millions)



STATE OF ALASKA
GENERAL FUND
EXPENDITURES AND REVENUES

TEN YEAR COMPARISON
FOR THE FISCAL YEARS 2001 THROUGH 2010

(Stated in Billions)

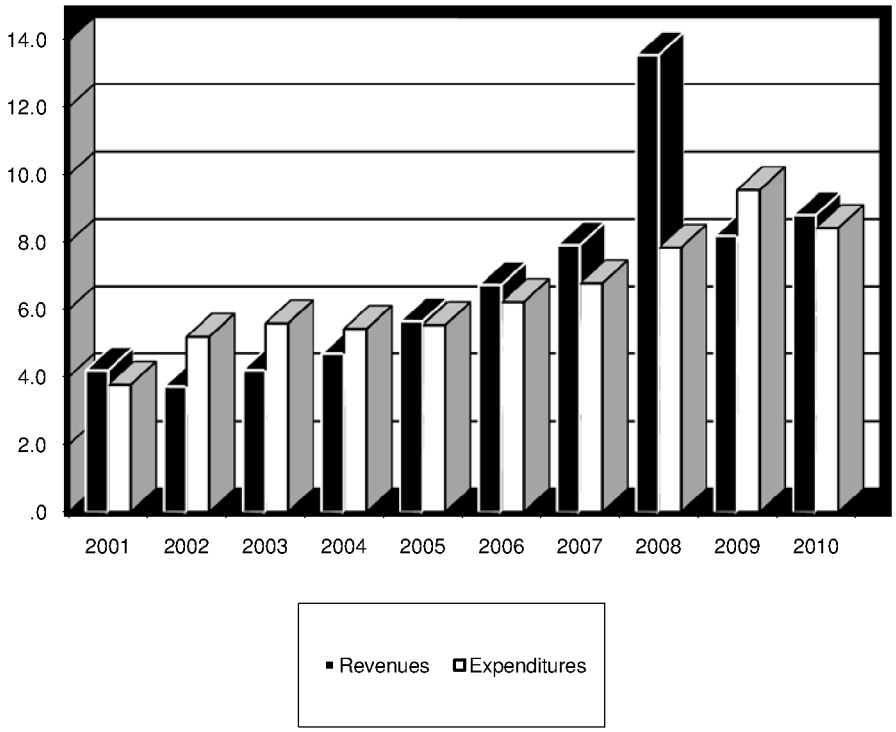
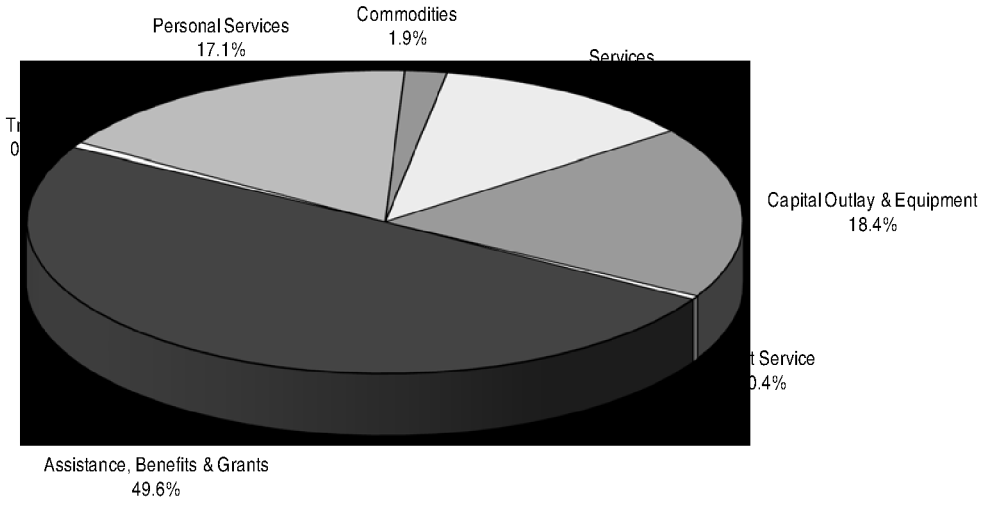


EXHIBIT 4

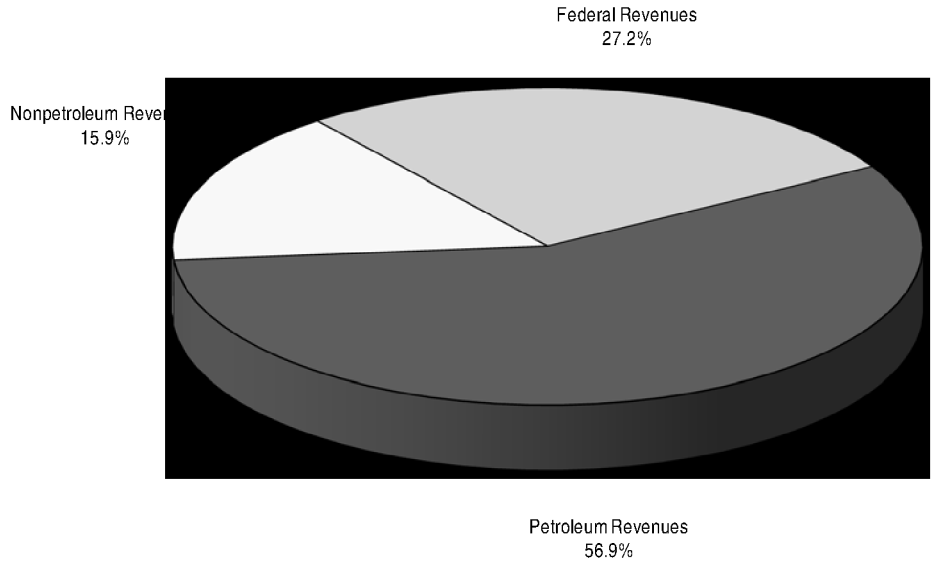
STATE OF ALASKA
GENERAL FUND
EXPENDITURES BY ACCOUNT

FOR THE FISCAL YEAR ENDED JUNE 30, 2010



STATE OF ALASKA
GENERAL FUND
REVENUES

FOR THE FISCAL YEAR ENDED JUNE 30, 2010



STATE OF ALASKA ORGANIZATION CHART

As of June 30, 2010

LEGISLATIVE BRANCH

LEGISLATURE

House of Representatives
Mike Chenault
House Speaker

Senate
Gary Stevens
Senate President

EXECUTIVE BRANCH

GOVERNOR
Sean Parnell

LIEUTENANT GOVERNOR
Craig Campbell

JUDICIAL BRANCH

ALASKA COURT SYSTEM

JUDICIAL COUNCIL

SUPREME COURT
Walter Carpeneti
Chief Justice

APPELLATE COURT
SUPERIOR COURT
DISTRICT COURT

ADMINISTRATION
Annette Kreitzer
Commissioner

COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT
Emil Notti
Commissioner

CORRECTIONS
Joe Schmidt
Commissioner

EDUCATION AND EARLY DEVELOPMENT
Larry LeDoux
Commissioner

ENVIRONMENTAL CONSERVATION
Larry Hartig
Commissioner

OFFICE OF THE GOVERNOR
Mike Nizich
Chief of Staff

FISH AND GAME
Denby Lloyd
Commissioner

HEALTH AND SOCIAL SERVICES
William Hogan
Commissioner

LABOR AND WORKFORCE DEVELOPMENT
Clark Bishop
Commissioner

LAW
Daniel Sullivan
Attorney General

UNIVERSITY OF ALASKA
Board of Regents
Patrick Gamble
President

MILITARY AND VETERANS AFFAIRS
Major General Thomas Katkus
Commissioner

NATURAL RESOURCES
Thomas Irwin
Commissioner

PUBLIC SAFETY
Joseph Masters
Commissioner

REVENUE
Patrick Galvin
Commissioner

TRANSPORTATION AND PUBLIC FACILITIES
Leo von Scheben
Commissioner

- - - - Elected by popular vote (includes Lieutenant Governor, elected on same ticket as Governor).
——— Justices and Judges of the Courts nominated by Judicial Council, selected by Governor and thereafter subject to voter approval.
——— Department heads appointed by Governor and confirmed by the Legislature.

FUNCTIONS OF STATE DEPARTMENTS

OFFICE OF THE GOVERNOR

The Governor is the Chief Executive of the State. The Office of the Governor has the overall responsibility for coordinating the activities of state agencies to ensure that all programs are consistent with the governor's policy and objectives.

ADMINISTRATION

The Department of Administration centralizes services to provide more efficient, cost-effective support to state agencies and Alaskans. Services to state agencies include: Labor Relations and Personnel, Finance (payroll, accounting, and disbursements), General Services (purchasing, supply, mail, managing public buildings, and leases), Risk Management, Enterprise Technology Services (telecommunications and computer services), and Retirement & Benefits (public employers, public employees and retirees).

The department also provides services to the public through the: Division of Motor Vehicles, Division of Retirement & Benefits, Office of Public Advocacy, Public Defender Agency, Alaska Public Offices Commission, Alaska Oil and Gas Conservation Commission, Alaska Public Broadcasting Commission, Office of Administrative Hearings, and Violent Crimes Compensation Board.

COMMERCE, COMMUNITY, AND ECONOMIC DEVELOPMENT

The Department of Commerce, Community, and Economic Development promotes economic development, strengthens communities and provides consumer protection. To accomplish these the department implements programs for sustainable business growth and reduced energy cost, regulates and enforces to provide a stable business climate, and provides technical and financial assistance and volunteerism outreach opportunities for communities.

The department consists of core agencies including: Division of Banking & Securities, Division of Corporations, Professional and Business Licensing, Division of Community and Regional Affairs, Division of Insurance, Division of Investments, and the Office of Economic Development. Various corporate agencies are also part of the department, including: Alaska Aerospace Corporation, Alaska Industrial Development and Export Authority, Alaska Energy Authority, Alaska Railroad Corporation, Alaska Seafood Marketing Institute, Regulatory Commission of Alaska, and the Serve Alaska Commission.

CORRECTIONS

The Department of Corrections is responsible for public safety through the incarceration and supervision of offenders. The department operates 12 correctional facilities and jails that provide secure incarceration and appropriate rehabilitation programs for felons and misdemeanants; community residential centers; supervision and case management of probationers and parolees in the community; and oversight of 15 small community jails. Also included in the department is the Alaska Board of Parole, a quasi-judicial board that makes all parole related decisions.

EDUCATION AND EARLY DEVELOPMENT

The Department of Education and Early Development is responsible for Alaska's system of public education. The State Board of Education and Early Development is the executive board of the department. The board develops educational policy, promulgates regulations governing education, appoints the commissioner of Education and Early Development with the Governor's approval, and is the channel of communication between state government and the public for educational matters. Education policies are determined by the board and administered by the commissioner through department divisions. Programs administered include: public school funding, teacher certification, and student assessment. The department also operates Mt. Edgecumbe High School, the state's secondary boarding school program. The department administers the state libraries, archives, museum services, provides grants to the arts community, and provides financial aid to post-secondary students through the Alaska Commission on Postsecondary Education.

ENVIRONMENTAL CONSERVATION

The Department of Environmental Conservation is the state's regulatory agency responsible for protection of the environment and protection of citizens from unsafe sanitary practices.

To accomplish these results, the department establishes protective standards; cleans-up and controls pollution to air, land and water; controls sanitary practices related to food, drinking water and solid waste; and enforces these controls. Services to communities include financial and technical assistance for upgrading water, sewage and solid waste, assistance meeting health-based standards for air quality, and positioning of oil spill response equipment.

Through partnerships with Alaska citizens, businesses, and communities, the department works to safely manage and reduce pollution and hazards to the environment and human health.

FISH AND GAME

The Department of Fish and Game's mission is to protect, maintain, and improve the fish, game, and aquatic plant resources of the state, and manage their use and development in the best interest of the economy and well-being of the people of the state, consistent with the sustained yield principle in the Alaska Constitution. The commissioner and the department conduct management and research functions necessary to support this mission.

The Boards of Fisheries and Game are responsible for adopting regulations to conserve and develop the state's fish and wildlife resources. The Commercial Fisheries Entry Commission is a quasi-judicial agency that promotes resource conservation and sustained yield management by regulating entry into Alaska's commercial fisheries. The department also includes the Exxon Valdez Oil Spill Trustee Council, which oversees restoration of the injured ecosystem through the use of the $900 million civil settlement.

HEALTH AND SOCIAL SERVICES

The Department of Health and Social Services' mission is to promote and protect the health and well-being of Alaskans. The overriding theme for the department's future direction is "helping individuals and families create safe and healthy communities" by strategically focusing on substance abuse, health and wellness, health care reform, long-term care and vulnerable Alaskans.

The department's primary functions include: operation of the Alaska Veterans and Pioneers Homes, support services for seniors and disabled Alaskans; child protection and family preservation services; operation of youth detention facilities and assisting offenders and their families in developing skills to prevent crime; and providing basic supports and promoting self sufficiency for vulnerable individuals who are unable to provide for themselves.

The department is committed to prevention of illness, health promotion and protection; overseeing community-based mental health and substance abuse services across the continuum of care (prevention, early intervention, treatment and recovery programs), including operation of the Alaska Psychiatric Institute; and provision of Medicaid services for low income and disabled Alaskans.

LABOR AND WORKFORCE DEVELOPMENT

The Department of Labor and Workforce Development is responsible for advancing opportunities for employment and insuring that employers provide safe and legal working conditions. The department offers employment services, unemployment insurance, adult basic education, job training, workers' compensation adjudication and rehabilitation services, the Fishermen's and Second Injury Funds, and vocational rehabilitation for people with disabilities. In addition, the department enforces laws and regulations assuring occupational safety and health, performs mechanical inspections, and administers state wage and hour laws; serves as the labor relations agency for public employment in the state; and collects, analyzes, and releases labor market and population statistics. Also included in the department are the Alaska Workforce Investment Board, the Workers' Compensation Appeals Commission and the Alaska Vocational Technical Center.

LAW

The Department of Law is responsible for ensuring safe communities in part through the prosecution and conviction of criminal offenders. The department files both misdemeanor and felony charges; serves as legal advisor to grand juries; and represents the state in all phases of criminal trial and appellate proceedings. It provides legal assistance to state and local law enforcement, the Department of Corrections and the Division of Juvenile Justice. It also works in partnership with executive, legislative, and judicial agencies by providing legal advice and representing the state in all actions in which it is a party. Such actions include protecting Alaska's children and youth by handling child abuse, neglect, and delinquency cases expeditiously; resolving questions of state versus federal control of natural resources; ensuring that the state receives its correct share of oil and gas taxes and royalties; collecting money owed to the state by businesses and individuals for child support, fines, and other unpaid obligations; and defending the state against claims for personal injury and other damages.

MILITARY AND VETERANS AFFAIRS

The Department of Military and Veterans Affairs is responsible for the Alaska Army and Air National Guard, the Division of Homeland Security and Emergency Management, the Office of Veterans Affairs, the Alaska Military Youth Academy, and the Alaska State Defense Force and Alaska Naval Militia. The commissioner serves as the Adjutant General of the State of Alaska and exercises day to day command over the Alaska National Guard comprised of approximately 4,000 Army and Air guardsmen. The strategic mission includes the responsibility for protecting lives and property from terrorism and all other hazards, and to provide rapid recovery from all disasters through the Division of Homeland Security and Emergency Management. The department is also responsible for managing the Alaska Military Youth Academy, which is an accredited special purpose school offering the ChalleNGe program to high school dropouts. The department also provides interactive activities to elementary school students in aviation, science, technology, engineering, math, and space exploration through the STARBASE program. Lastly, the department serves as an advocate on issues affecting Alaska's veteran population.

NATURAL RESOURCES

The Department of Natural Resources manages the majority of state-owned land, water and natural resources, except fish and game. These resources include approximately 95.4 million acres of uplands; 60 million acres of tidelands, shore lands, and submerged lands; and 40,000 miles of coastline. Strategic missions include: develop, conserve, and enhance the natural resources of the State of Alaska; raise public awareness that Alaska's natural resources are the basic asset of our economy; stimulate and encourage resource-based, value-added economic activity while conserving Alaska's wild and scenic value; determine the potential for natural hazards that may impact people and facilities in Alaska; and maintain access to and manage the state's land records. The department also plays an instrumental role in the Alaska Gasline Inducement Act (AGIA) process, a law designed to advance construction of a natural gas pipeline from the North Slope to market.

The department serves the state from offices located in 30 Alaskan communities, and encompasses the divisions of Agriculture; Coastal and Ocean Management; Forestry; Geological and Geophysical Surveys; Mining, Land and Water; Oil & Gas; and Parks and Outdoor Recreation; the AGIA Coordinator's Office; the Office of Project Management and Permitting; the Mental Health Trust Land Office; the Joint Pipeline Office; the Citizens Advisory Commission on Federal Areas, the Natural Resources Conservation and Development Board, and the Seismic Hazards Safety Commission. The department is responsible for managing the two largest oil and gas fields in North America; a park system that contains one-third of the nation's state park lands; 40% of the nation's fresh water; fire suppression management for over 134 million acres; forest resource management in two state forests totaling 2 million acres; mineral management involving 44,335 mining claims; an agricultural program that encompasses 600-800 farms; a comprehensive archive of indigenous plant materials; and a geologic sample archive representing more than 12 million feet of resource exploration drilling throughout the state.

PUBLIC SAFETY

The Department of Public Safety is responsible for the enforcement of state laws including criminal and fish and wildlife protection laws, fire and life safety, search and rescue, highway safety and alcoholic beverage laws; providing forensic crime laboratory services to law enforcement statewide; certifying police proficiency; providing basic police academy and specialized training to municipal and state law enforcement agencies; oversight of the Village Public Safety Officer Program; and assisting victims of domestic violence and sexual assault.

REVENUE

The Department of Revenue administers and enforces tax and charitable gaming laws; collects, invests, and manages state funds and public employee pension trust funds; administers the Permanent Fund Dividend, Shared Taxes and Child Support Services programs; administers licensing programs mandated by statute; issues state general obligation, revenue and lease debt, and authorizes certain agency debt. Other state entities associated with the department for administrative purposes are: Alaska Permanent Fund Corporation, Alaska Housing Finance Corporation, Alaska Housing Capital Corporation, Alaska Municipal Bond Bank Authority, Alaska Mental Health Trust Authority, Alaska Retirement Management Board, Alaska Natural Gas Development Authority, Northern Tobacco Securitization Corporation, and the State Bond Committee.

TRANSPORTATION AND PUBLIC FACILITIES

The Department of Transportation and Public Facilities is responsible for the planning, research, design, construction, maintenance, operation, and protection of all state transportation systems and many public facilities. This includes approximately 260 state-owned airports and seaplane bases, more than 5,000 miles of state roads, over 700 buildings ranging from maintenance shops to state office complexes, and 25 ports and harbors. In addition, the department owns and operates the Alaska Marine Highway System, serving 33 Alaskan communities with connections to Bellingham, WA and Prince Rupert, BC. The department also owns and operates the State Equipment Fleet, which provides full maintenance support and replacement activities of approximately 7,800 light- and heavy-duty vehicles and attachments for state departments, agencies and offices.

ALASKA STATE LEGISLATURE
Twenty-Sixth Legislature, Second Session (2010)

Senate District	Senator (Party)	City	House District	Representative (Party)	City
A	Bert Stedman (R)	Sitka	1	Kyle Johansen (R)	Ketchikan
			2	Peggy Wilson (R)	Wrangell
B	Dennis Egan (D)	Juneau	3	Beth Kerttula (D)	Juneau
			4	Cathy Engstrom Munoz (R)	Juneau
C	Albert Kookesh (D)	Angoon	5	William "Bill" Thomas, Jr. (R)	Haines
			6	Woodie Salmon (D)	Beaver
D	Joe Thomas (D)	Fairbanks	7	Michael "Mike" Kelly (R)	Fairbanks
			8	David Guttenberg (D)	Fairbanks
E	Joe Paskvan (D)	Fairbanks	9	Scott Kawasaki (D)	Fairbanks
			10	Jay Ramras (R)	Fairbanks
F	John Coghill Jr. (R)	North Pole	11	Tammie Wilson (R)	North Pole
			12	John Harris (R)	Valdez
G	Linda K. Menard (R)	Wasilla	13	Carl Gatto (R)	Palmer
			14	Wes Keller (R)	Wasilla
H	Charlie Huggins (R)	Wasilla	15	Mark Neuman (R)	Wasilla
			16	Bill Stoltze (R)	Chugiak
I	Fred Dyson (R)	Eagle River	17	Anna Fairclough (R)	Eagle River
			18	Vacant	Anchorage
J	Bill Wielechowski (D)	Anchorage	19	James 'Pete' Peterson (D)	Anchorage
			20	Max Gruenberg (D)	Anchorage
K	Bettye Davis (D)	Anchorage	21	Harry Crawford (D)	Anchorage
			22	Sharon Cissna (D)	Anchorage
L	Johnny Ellis (D)	Anchorage	23	Les Gara (D)	Anchorage
			24	Berta Gardner (D)	Anchorage
M	Hollis French (D)	Anchorage	25	Mike Doogan (D)	Anchorage
			26	Lindsey Holmes (D)	Anchorage
N	Lesil McGuire (R)	Anchorage	27	Robert Buch (D)	Anchorage
			28	Craig Johnson (R)	Anchorage
O	Kevin Meyer (R)	Anchorage	29	Chris Tuck (D)	Anchorage
			30	Charisse E. Millett (R)	Anchorage
P	Con Bunde (R)	Anchorage	31	Bob Lynn (R)	Anchorage
			32	Mike Hawker (R)	Anchorage
Q	Thomas Wagoner (R)	Kenai	33	Kurt Olson (R)	Soldotna
			34	Mike Chenault (R)	Nikiski
R	Gary Stevens (R)	Kodiak	35	Paul Seaton (R)	Homer
			36	Alan Austerman (R)	Kodiak
S	Lyman Hoffman (D)	Bethel	37	Bryce Edgmon (D)	Dillingham
			38	Bob Herron (D)	Bethel
T	Donald Olson (D)	Nome	39	Neal Foster (D)	Nome
			40	Reggie Joule (D)	Kotzebue

LEADERSHIP

STATE SENATE
Gary Stevens, Senate President

HOUSE OF REPRESENTATIVES
Mike Chenault, House Speaker

FINANCE COMMITTEES

STATE SENATE
Lyman Hoffman, Co-Chair
Bert Stedman, Co-Chair

Members:
Dennis Egan, Johnny Ellis,
Charlie Huggins, Donald Olson,
and Joe Thomas

HOUSE OF REPRESENTATIVES
Mike Hawker, Co-Chair
Bill Stoltze, Co-Chair
Bill Thomas, Jr., Vice-Chair

Members:
Alan Austerman, Kelly Doogan,
Anna Fairclough, Neal Foster, Les Gara,
Reggie Joule, Mike Kelly, and Woodie Salmon

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Financial Section

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ALASKA STATE LEGISLATURE
LEGISLATIVE BUDGET AND AUDIT COMMITTEE
Division of Legislative Audit

P.O. Box 113300
Juneau, AK 99811-3300
(907) 465-3830
FAX (907) 465-2347
legaudit@legis.state.ak.us

Independent Auditor's Report

Citizens of the State of Alaska:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Alaska, as of and for the year ended June 30, 2010, which collectively comprise the State's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the State of Alaska's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Alaska Permanent Fund, the Fiduciary Funds – Pension and Other Employee Benefit Trust Funds, and one Discretely Presented Component Unit: Alaska Mental Health Trust Authority. Those financial statements reflect total assets, net assets and revenues of the indicated opinion units:

Opinion Unit	Percent of Assets	Percent of Net Assets/ Fund Balance	Percent of Revenues
Governmental Activities	61%	61%	32%
Aggregate Discretely Presented Component Units	4%	8%	4%
Major Funds:			
Alaska Permanent Fund	100%	100%	100%
Aggregate Remaining Fund Information:			
Fiduciary Funds	86%	88%	83%

Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for those component units and funds, is based on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the

overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to in the first paragraph present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the State of Alaska, as of June 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1F to the financial statements, effective July 1, 2009, the State of Alaska changed its method of reporting fund balance classifications to reflect the adoption of Governmental Accounting Standards Board Statement 54: *Fund Balance Reporting and Governmental Fund Type Classifications*.

The management's discussion and analysis, budgetary comparison information, and the corresponding notes as listed in the table of contents are not a required part of the basic financial statements but are supplementary information required by the accounting principles generally accepted in the United States of America. We and the other auditors have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the State of Alaska's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical sections are presented for the purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, in our opinion, based on our audit and the report of other auditors, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Pat Davidson, CPA
Legislative Auditor

December 10, 2010

STATE OF ALASKA
MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the State of Alaska, we offer readers of the State's financial statements this narrative overview and analysis of the financial activities of the State for the fiscal year ended June 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the preceding pages of this report, and the financial statements that follow.

Financial Highlights

Government-wide

- The assets of the State exceeded its liabilities at the close of FY 10 by $56.4 billion (net assets). Of this amount, $6.2 billion is invested in capital assets, $33.5 billion is restricted for various purposes, and unrestricted net assets are $16.7 billion. Unrestricted net assets may be used to meet the State's ongoing obligations to citizens and creditors.
- The State's total net assets increased by $4.8 billion as a result of this year's operations. This increase is primarily attributable to interest and investment gains compared to losses in the previous year.

Fund level

- Beginning in FY 10 the State implemented GASB Statement 54, which provides new fund balance classifications for governmental funds. The previous reserved and unreserved classifications have been replaced with nonspendable, restricted, and unrestricted balances. Additional information on the State's fund balances can be found in Note 1 in the notes to the basic financial statements.
- As of the close of the current fiscal year, the State's governmental funds reported combined ending fund balances of $49.8 billion, with $16.8 billion unrestricted (includes committed, assigned, and unassigned), $32.6 billion nonspendable, and $406 million restricted to specific purposes such as development, debt, and education. The nonspendable fund balance includes $32.0 billion of the Alaska Permanent Fund principal with the remaining related to nonspendable assets such as inventory, compensating balances, advances and prepaid items, and the principal of other nonmajor permanent funds.
- At the end of the current fiscal year, unrestricted fund balance for the General Fund was a surplus of $15.2 billion. This is an increase of $2.0 billion from FY 09. The increase is mainly attributable to investment gains.

Long-term debt

- As a result of this year's activity, the State's total long-term debt decreased by $86 million (3 percent). The key factors in this decrease include general obligation bonds, revenue bonds, and claims and judgments. The State of Alaska did not issue new general obligation bonds or revenue bonds during FY 10; therefore, the decrease is based on regular pay down of the debt. The claims and judgment decrease is related to a final judgment of $82 million by the Alaska Supreme Court in FY 10.

Overview of the Financial Statements

This Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the State's basic financial statements. The State's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements (reporting on the State as a whole)

The government-wide financial statements are designed to provide readers with a broad overview of the State's finances, in a manner similar to a private-sector business. It includes all of the State's funds and component units except for fiduciary funds. However, the primary focus of the statements is clearly on the State and the presentation allows the user to address the relative relationship with the discretely presented component units.

The statement of net assets presents information on all of the State's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets should serve as a useful indicator of whether the financial position of the State is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements report three activities:

- Governmental Activities – Most of the State's basic services are reported in this category. Governmental activities are principally supported by interest and investment income, taxes, rents and royalties, and intergovernmental revenues. The Legislature, the Judiciary, and the general operations of the Executive departments fall within the governmental activities.
- Business-type Activities – The State charges fees to customers to help it cover all or most of the cost of certain services it provides. The State's International Airports Fund, the various loan funds, and the Unemployment Compensation fund are examples of business-type activities.
- Discretely Presented Component Units – Component units are legally separate organizations for which the State is financially accountable. The State has one university and ten corporations and authorities that are reported as discretely presented component units of the State.

The government-wide financial statements are statement numbers 1.01 and 1.02.

This report includes two statements (statement numbers 1.12 and 1.14) that reconcile the amounts reported on the governmental fund financial statements (modified accrual accounting) with governmental activities (accrual accounting) on the appropriate government-wide statements. The following summarizes the impact of transitioning from modified accrual to accrual accounting.

- Capital assets (land, buildings, equipment, infrastructure, intangibles, and construction in progress) used in governmental activities are not reported in governmental fund statements.
- Internal service funds are reported as governmental activities in the government-wide financial statements, but are reported as proprietary funds in the fund financial statements.
- Certain revenues, unavailable to pay for current period expenditures, are not reported in the governmental fund statements.
- Unless due and payable in the current period, certain long-term liabilities such as capital lease obligations, compensated absences, litigation, and others only appear as liabilities in the government-wide statements.
- Capital outlay spending results in capital assets in the government-wide statements, but are reported as expenditures on the governmental fund statements.
- Bond and note proceeds result in liabilities in the government-wide statements, but are recorded as other financing sources in the governmental fund statements.

Fund Financial Statements (reporting on the State's major funds)

The fund financial statements are statement numbers 1.11 through 1.42 and provide detailed information about the major individual funds. The State has three major funds, the General Fund, the Alaska Permanent Fund, which are included in the governmental fund statements, and the International Airports Fund, which is included in the proprietary fund statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The State of Alaska, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the State can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds. We have also included the discretely presented component units in the fund financial statements and include detailed information on the three major component units, the University of Alaska, Alaska Housing Finance Corporation, and Alaska Industrial Development and Export Authority.

Governmental funds – Most of the State's basic services are reported in the governmental funds. Governmental funds include the General Fund, special revenue funds, capital projects funds, debt service funds, and permanent funds. Governmental fund financial statement focus is on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating whether there are more or fewer financial resources that can be spent in the near future to finance the State's programs. These funds are reported using modified accrual accounting, which measures cash and other financial assets that can be readily converted to cash. The governmental fund financial statements are statement numbers 1.11 through 1.14.

As mentioned earlier, the State has only two major governmental funds, the Alaska Permanent Fund and the General Fund. Together these two funds represent 96.5 percent of total government-wide cash and investments and 86.5 percent of total government-wide net assets (excluding component units). The governmental funds financial statements present detail on each

of these funds, with summarized information on all other governmental funds. In addition, detail for each of the nonmajor governmental funds is available in combining statements elsewhere in this report.

The State's main operating fund is the General Fund. However, the State maintains many accounts and subfunds within the General Fund, including the Constitutional Budget Reserve Fund, the Statutory Budget Reserve Fund, the Permanent Fund Dividend Fund, and the Public Education Fund. Because of materiality and public interest in these funds, individual fund data for each of these subfunds is provided in the combining statement for the General Fund elsewhere in this report.

Proprietary funds – When the State charges customers for the services it provides, whether to outside customers or to other State agencies, these services are generally reported in proprietary funds. Proprietary funds (enterprise and internal service) utilize accrual accounting, the same method used by private-sector businesses. Enterprise funds are used to report activities that provide supplies and services to the general public. The State uses enterprise funds to account for activities such as international airports operations, various loan funds, and the unemployment compensation fund. These activities are reported within business-type activities on the government-wide financial statements.

Internal service funds account for activities that provide supplies and services for other State programs. These include, among others, the State's equipment fleet and data processing/telecommunications. Because these services primarily benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

The proprietary fund financial statements are statement numbers 1.21 through 1.23. The International Airports Fund is a major enterprise fund of the State of Alaska. The International Airports Fund is 9.7 percent of total government-wide liabilities (excluding component units). The proprietary funds financial statements present detail on this fund with summarized information on all other proprietary funds. In addition, detail for each of the nonmajor proprietary funds is provided in the combining statements elsewhere in this report.

Fiduciary funds – The State acts as a trustee or fiduciary for its employee pension plans. In addition, it is also responsible for other assets that, because of a trust arrangement, can be used only for the trust beneficiaries. The State's fiduciary activities are reported in the Statement of Fiduciary Net Assets and Statement of Changes in Fiduciary Net Assets. These funds, which include pension (and other employee benefit) and agency funds, are reported using accrual accounting. Since fiduciary assets are restricted in purpose and are not available to support the State's own programs, these fiduciary assets are not presented as part of the government-wide financial statements.

The fiduciary fund financial statements are statement numbers 1.31 and 1.32.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found immediately following the component unit statement of activities (statement number 1.42).

Additional Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents a budgetary comparison schedule for the General Fund reconciling the statutory and generally accepted accounting principles (GAAP) fund balances at fiscal year-end (statement number 2.01).

Other Supplementary Information

Other supplementary information includes combining financial statements for nonmajor governmental, proprietary, and fiduciary funds, as well as nonmajor discretely presented component units. These nonmajor funds are added together by fund type and presented in single columns in the basic financial statements, but are not reported individually on the fund financial statements. Only the major funds, the General Fund, the Alaska Permanent Fund, and the International Airports Fund are presented individually on the primary government fund financial statements. Schedules of revenues, expenditures, and changes in fund balances – budget and actual are also presented for all governmental funds with annually adopted budgets.

Government-wide Financial Analysis

As noted earlier, net assets should serve over time as a useful indicator of a government's financial position. State assets exceeded liabilities by $56.4 billion at the close of the most recent fiscal year (see table below). By far the largest portion of the State's net assets (59 percent) reflects its investments held in the Alaska Permanent Fund. However, the majority of these assets are not available for future spending since the principal of the fund ($32.0 billion) may not be spent.

The remainder of the State's net assets (41 percent) represents amounts invested in capital assets net of related debt ($6.2 billion), resources that are subject to external restrictions of how they may be used ($1.5 billion), and unrestricted net assets of $16.7 billion, of which $1.2 billion is within the Alaska Permanent Fund.

Net Assets
(Stated in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 10	FY 09	FY 10	FY 09	FY 10	FY 09
Current and Other Noncurrent Assets	$ 54,280	$ 50,338	$ 1,109	$ 1,188	$ 55,389	$ 51,526
Capital Assets	6,237	6,063	1,244	1,173	7,481	7,236
Total Assets	60,517	56,401	2,353	2,361	62,870	58,762
Long-term Liabilities	1,958	2,024	573	593	2,531	2,617
Other Liabilities	3,887	4,451	18	22	3,905	4,473
Total Liabilities	5,845	6,475	591	615	6,436	7,090
Net Assets:						
Invested in Capital Assets, Net of Related Debt	5,430	5,293	766	706	6,196	5,999
Restricted	32,819	30,008	679	712	33,498	30,720
Unrestricted	16,423	14,625	317	328	16,740	14,953
Total Net Assets	$ 54,672	$ 49,926	$ 1,762	$ 1,746	$ 56,434	$ 51,672

The net assets of governmental activities increased $4,746 million and business-type activities increased $16 million as a result of this year's operations. The increase for governmental activities is primarily due to interest and investment gains compared to losses in the previous year. The increase in business-type activities is primarily due to the increase in operating grants.

The following condensed financial information was derived from the government-wide Statement of Activities and reflects how the State's net assets changed during FY 10.

Changes in Net Assets

(Stated in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 10	FY 09	FY 10	FY 09	FY 10	FY 09
Revenues						
Program Revenues						
Charges for Services	$ 2,563	$ 2,629	$ 291	$ 286	$ 2,854	$ 2,915
Operating Grants	1,913	1,489	100	19	2,013	1,508
Capital Grants	591	634	84	79	675	713
General Revenues						
Taxes	3,601	4,335	-	-	3,601	4,335
Interest and Investment Income/(Loss)	4,529	(6,461)	(13)	(11)	4,516	(6,472)
Payments In from Component Units	40	26	-	-	40	26
Other Revenues	70	129	11	6	81	135
Total Revenues	13,307	2,781	473	379	13,780	3,160
Expenses						
General Government	423	515	-	-	423	515
Alaska Permanent Fund Dividend	817	2,016	-	-	817	2,016
Education and University	2,093	2,058	-	-	2,093	2,058
Health and Human Services	2,262	2,068	-	-	2,262	2,068
Law and Justice	241	270	-	-	241	270
Public Protection	697	609	-	-	697	609
Natural Resources	343	295	-	-	343	295
Development	319	386	2	2	321	388
Transportation	1,135	960	-	-	1,135	960
Intergovernmental	178	232	-	-	178	232
Debt Service	48	43	-	-	48	43
Loans	-	-	5	4	5	4
Unemployment Compensation	-	-	340	200	340	200
Airports	-	-	115	117	115	117
Total Expenses	8,556	9,452	462	323	9,018	9,775
Excess (Deficiency) of Revenues						
Over Expenditures	4,751	(6,671)	11	56	4,762	(6,615)
Transfers	(5)	(14)	5	14	-	-
Special Items NPO/OPEB Writeoff	-	126	-	4	-	130
Change in Net Assets	4,746	(6,559)	16	74	4,762	(6,485)
Net Assets - Beginning of Year	49,926	55,883	1,746	1,678	51,672	57,561
Prior Period Adjustment	-	(2)	-	(4)	-	(6)
Changes in Accounting Principles	-	604	-	(2)	-	602
Net Assets - End of Year	$ 54,672	$ 49,926	$ 1,762	$ 1,746	$ 56,434	$ 51,672

Financial Analysis of the State's Funds

As noted earlier, the State uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the State's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the State's financing requirements. In particular, unassigned, assigned, and committed fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the State's governmental funds reported combined ending fund balances of $49.8 billion, an increase of $4.4 billion in comparison with the prior year. This increase is from the Alaska Permanent Fund investment gains.

The General Fund unassigned and committed fund balances, which are available for spending at the government's discretion, had balances of $10.4 billion, and $4.8 billion, respectively. The Alaska Permanent Fund (earnings reserve account) had an assigned fund balance of $1.2 billion, and the remaining nonmajor governmental funds had committed fund balances of $419 million. The remainder of fund balance is restricted or nonspendable to indicate that it is not available for new spending such as the principal of the Alaska Permanent Fund ($32.0 billion), and other items that are nonspendable, such as inventory, compensating balances, advances and prepaid items, and principal ($593 million), and amounts restricted for a variety of other purposes ($406 million).

The General Fund is the chief operating fund of the State. At the end of the current fiscal year, unrestricted fund balance (includes committed, assigned, and unassigned) of the General Fund was $15.2 billion, while total fund balance reached $15.5 billion. As a measure of the General Fund's liquidity, it may be useful to compare both unrestricted fund balance and total fund balance to total fund expenditures. Unrestricted fund balance represents 180 percent of total General Fund expenditures, while total fund balance represents 185 percent of that same amount.

The fund balance of the State's General Fund increased by $1.2 billion during the current fiscal year. The key factor in this increase is investment gains.

There was no appropriated borrowing from the Constitutional Budget Reserve Fund during the fiscal year. In FY 09 $402 million was transferred to the Constitutional Budget Reserve Fund to repay it in full; however, it was immediately appropriated back to the General Fund on July 1, 2009. In FY 10 this amount was appropriated from the General Fund to pay off the Constitutional Budget Reserve Fund in full.

General Fund revenues for FY 10 were $8.8 billion, an increase of $618 million compared to revenues of $8.2 billion for FY 09. Revenues by source for FY 10 are compared to FY 09 in the following schedule (in millions):

Revenue Source	FY 10	Percent	FY 09	Percent
Taxes	$ 3,578.9	40.7%	$ 4,311.3	52.7%
Rents and Royalties	1,548.0	17.6%	1,559.8	19.1%
Interest and Investment Income/(Loss)	925.1	10.5%	(145.2)	-1.8%
Federal	2,394.1	27.2%	2,088.4	25.5%
Miscellaneous	356.6	4.0%	370.6	4.5%
Total Revenue	$ 8,802.7	100.0%	$ 8,184.9	100.0%

The primary component of this revenue increase is interest and investment income compared to losses in the previous year. Federal revenues also increased by $306 million.

Alaska Permanent Fund

The Alaska Permanent Fund (fund) is an asset of the State of Alaska that is managed by the Alaska Permanent Fund Corporation, an instrumentality of the State of Alaska.

In 1976 the Alaska constitution was amended to provide that: *At least twenty-five percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments, and bonuses received by the State shall be placed in a permanent fund, the principal of which shall be used only for those income-producing investments specifically designated by law as eligible for permanent fund investments. All income from the permanent fund shall be deposited in the General Fund unless otherwise provided by law.*
The fund is made up of two parts.

- **Nonspendable Fund Balances:** The nonspendable fund balances, or principal, include all historical contributions and appropriations, which are the main body of the fund. At June 30, 2010, this amounted to $31.6 billion. The sources of contributions and appropriations of the fund, since inception, were as follows: $11.9 billion in dedicated mineral revenues; $12.7 billion of fund realized earnings transferred to principal for inflation proofing; $6.9 billion in additional deposits approved by special legislative appropriation, and $153 million in settlement earnings (*State v. Amerada Hess, et al.*).

  A portion of accumulated unrealized appreciation on invested assets is also part of the nonspendable fund balances (see 2009 Attorney General Opinion, June 16; AG file number: JU 2009-200-509). The portion of the unrealized appreciation at the end of the fiscal year allocated to principal amounted to $420.8 million.

- **Assigned Fund Balances:** The assigned fund balances, which are available for legislative appropriation, consist of the realized earnings of the fund and a portion of accumulated unrealized appreciation. From inception through June 30, 2010, realized earnings have amounted to $37.0 billion. Of this amount $18.4 billion has been paid out for dividends, $12.7 billion has been transferred to principal for inflation proofing, $4.3 billion has been added to principal by special appropriation, $0.4 billion has been paid out to the General Fund, and $1.2 billion remains in the fund at June 30, 2010 in the realized earnings account. The portion of the unrealized appreciation at the end of the fiscal year allocated to the assigned fund balance amounted to $15.9 million.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was a $2.6 billion increase in appropriations (or 18 percent) and can be briefly summarized as follows:

- $1,219.0 million allocated to education
- $518.9 million allocated to transportation
- $286.2 million allocated to public protection
- The balance is allocated across several expenditure functions.

Of this overall increase in appropriated expenditures, $456.4 million was funded out of an increase in interagency receipts, which represent purchases between departments, and $241.2 million was funded out of an increase in federal grants in aid, which is predominantly related to revenues received under the American Recovery and Reinvestment Act of 2009. The remaining increase was funded with money available within the General Fund.

Budgets for these program areas are difficult to predict. It is not unusual for additional budget authority to be granted when new funding sources become available. However, the increase in the final budget for education is easily identifiable. The increase in budgetary authority for the education function is mainly attributable to additional funding necessary to support the education formula-driven programs within the Public Education Fund, a subfund of the General Fund. Expenditures for public education and pupil transportation are not included in the original budget.

Capital Assets and Debt Administration

Capital assets. The State's investment (net of related debt) in capital assets for its governmental and business-type activities as of June 30, 2010, amounts to $6.2 billion. The table below displays total capital assets, net of accumulated depreciation. Depreciation charges for FY 10 totaled $346 million for governmental activities and $47 million for business-type activities.

Capital Assets
(net of depreciation, in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 10	FY 09	FY 10	FY 09	FY 10	FY 09
Land	$ 823	$ 797	$ 30	$ 30	$ 853	$ 827
Buildings	1,115	1,080	746	547	1,861	1,627
Equipment	440	447	29	25	469	472
Infrastructure	2,499	2,370	362	342	2,861	2,712
Construction in Progress	1,359	1,369	77	229	1,436	1,598
Total Capital Assets	$ 6,236	$ 6,063	$ 1,244	$ 1,173	$ 7,480	$ 7,236

In FY 10, buildings and infrastructure increased $234 million and $149 million respectively. These increases are attributable to large capital budgets in recent years. Additional information on the State's capital assets can be found in Note 5 in the notes to the basic financial statements.

Long-term debt. At the end of the current fiscal year, the State had total bonded debt outstanding of $1,478 million. Of this amount, $490 million was general obligation bonds, and $988 million of revenue bonds payable comprised of $371 million issued by the Northern Tobacco Securitization Corporation (NTSC), $55 million of sport fishing revenue bonds, and $562 million issued by the International Airport Fund. The general obligation bonds are secured by the full faith, credit, and resources of the State, whereas the NTSC bonds are secured by and payable solely from Tobacco Settlement Revenues (TSRs). Neither the State of Alaska, nor the Alaska Housing Finance Corporation (of which NTSC is a subsidiary) is liable for any debt issued by NTSC. The sport fishing revenue bonds are secured by the sport fishing facilities surcharge imposed under AS 16.05.340 and related federal revenues. The remaining $562 million are International Airports revenue bonds secured solely by specified revenue sources. The general obligation, NTSC, and sport fishing bonds are reported as governmental activities debt, and the International Airports bonds are reported as business-type activities debt.

Long-term Debt
(Stated in millions)

	Governmental Activities		Business-type Activities		Total Primary Government	
	FY 10	FY 09	FY 10	FY 09	FY 10	FY 09
Revenue Bonds Payable	$ 426	$ 430	$ 562	$ 583	$ 988	$ 1,013
General Obligation Debt	490	520	-	-	490	520
Capital Leases Payable	410	411	-	-	410	411
Deferred Revenues and Advances	302	286	4	4	306	290
Certificates of Participation	46	52	-	-	46	52
Compensated Absences	154	144	4	4	158	148
Claims and Judgments	75	135	1	-	76	135
Pollution Remediation	53	43	2	1	55	44
Other Noncurrent Liabilities	1	3	-	1	1	4
Net Pension Obligation	1	-	-	-	1	-
Total	$ 1,958	$ 2,024	$ 573	$ 593	$ 2,531	$ 2,617

The State's total debt decreased by $86 million (3 percent) as a result of this year's operations. The State of Alaska did not issue new general obligation bonds or revenue bonds during FY 10; therefore, the decrease is based on regular pay down of the debt. The claims and judgment decrease is related to a final judgment of $82 million by the Alaska Supreme Court in FY 10.

Additional information of the State's long-term debt can be found in Note 6 in the notes to the basic financial statements.

Significant Facts

State petroleum revenues were relatively stable from FY 09 to FY 10. The weighted average production tax rate was slightly lower; however, this rate was applied to wellhead value of $68.89 per barrel. In FY 09 $62.02 per barrel average was realized.

Another significant factor affecting revenues was an increase of $11.0 billion in interest and investment income between FY 09 and FY 10. The majority of this amount is from investment gains in the Alaska Permanent Fund. The fund experienced a total fund return of 11.7% for FY 10. However, the overall fiscal year gains were not enough to fully recover the losses incurred by the fund in FY 09 and FY 08.

During FY 10 the Alaska Retirement Management Board settled a lawsuit against its former actuary, Mercer, regarding claims of professional malpractice, breach of contract and unfair trade practices in advising the State on management of the Alaska Public Employees' Retirement System and the Alaska Teachers' Retirement System. The settlement agreement amounts to $500 million in exchange for dismissal of the lawsuit. The amount allocated to the Public Employees' Retirement System was $359 million after legal fees were deducted and the amount allocated to the Teachers' Retirement System was $44 million after legal fees were deducted. Legal fees totaled $97 million.

Economic Factors and Next Year's Budgets and Rates

- The State's average unemployment rate for FY 10 was 8.3 percent, which is higher than the average unemployment rate for FY 09 of 7.4 percent. Alaska's five year average (2006 to 2010) was 6.9 percent. The United States unemployment rate for FY 10 was 9.8 percent.

- The State's major source of unrestricted revenue for the General Fund is petroleum related, which accounted for 57 percent of total revenue, with federal revenue making up another 27 percent, and the balance coming from other sources. As a result, the State's budget is structured around these two revenue sources. During the fiscal year the price per barrel increased, resulting in slightly lower tax rate and ultimate decrease of $719 million in petroleum revenues. Federal funds are generally restricted for use in federal programs and therefore do not provide resources for balancing the State budget.

- FY 10 crude oil and natural gas liquids production for the Alaska North Slope and Cook Inlet averaged 648 thousand barrels per day. This is 35 thousand barrels per day less than in the prior year. FY 10 production, compared to peak production of 2.049 million barrels per day in FY 88, has declined by 68 percent.

- The State of Alaska FY 10 budgeted expenditures include certain items that are unique to Alaska, such as the Alaska Permanent Fund Dividend and State-operated Pioneer Homes. The Alaska Permanent Fund Dividend ($1,305/resident) was paid to each qualifying Alaskan for a total of $817 million.

Requests for Information

This financial report is designed to provide a general overview of the State's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the State of Alaska, Division of Finance, P.O. Box 110204, Juneau, Alaska, 99811-0204.

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Basic Financial Statements

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STATE OF ALASKA **STATEMENT 1.01**
Statement of Net Assets
Government-wide
June 30, 2010
(Stated in Thousands)

	Primary Government			
	Governmental Activities	Business-type Activities	Total	Component Units
ASSETS				
Cash and Investments	$ 50,394,119	$ 577,650	$ 50,971,769	$ 2,188,171
Accounts Receivable - Net	524,326	27,781	552,107	47,068
Interest and Dividends Receivable	110,840	25,562	136,402	35,831
Internal Balances	45,013	(45,013)	-	
Due from Primary Government	-	-	-	27,406
Due from Component Units	78,389	-	78,389	26,905
Due from Other Governments	455,784	13,224	469,008	45,256
Loans, Notes, and Bonds Receivable	21,158	383,252	404,410	4,099,246
Inventories	20,614	-	20,614	27,036
Repossessed Property	-	696	696	300
Net Investment in Direct Financing Leases	-	-	-	305,995
Investments in Projects, Partnerships, or Corporations	-	3,780	3,780	81,372
Securities Lending Collateral	2,598,126	-	2,598,126	27,447
Restricted Assets	3,860	119,601	123,461	1,953,795
Deferred Outflows	-	-	-	127,899
Other Assets	27,701	2,614	30,315	85,837
Capital Assets:				
Equipment, Net of Depreciation	440,414	29,809	470,223	291,531
Buildings, Net of Depreciation	1,115,159	746,073	1,861,232	770,730
Infrastructure, Net of Depreciation	2,499,184	361,542	2,860,726	759,842
Land / Right-of-Way	823,035	29,738	852,773	81,708
Construction in Progress	1,359,257	76,912	1,436,169	146,735
Total Assets	60,516,979	2,353,221	62,870,200	11,130,110
LIABILITIES				
Accounts Payable and Accrued Liabilities	1,274,742	6,456	1,281,198	115,555
Obligations Under Securities Lending	2,598,126	-	2,598,126	27,447
Due to Primary Government	-	-	-	85,039
Due to Component Units	2,482	-	2,482	26,770
Due to Other Governments	386	4,074	4,460	1,176
Interest Payable	11,568	6,668	18,236	33,964
Derivative Instruments	-	-	-	130,267
Other Current Liabilities	2	524	526	203,925
Long-term Liabilities:				
Portion Due or Payable Within One Year:				
Claims, Judgments, Compensated Absences and Pollution Remediation	161,600	4,356	165,956	4,617
Unearned and Deferred Revenue	43,290	4,175	47,465	9,542
Notes, Bonds, and Leases Payable	64,664	7,040	71,704	358,931
Other Long-term Debt	-	-	-	3,043
Other Noncurrent Liabilities	966	-	966	122
Portion Due or Payable After One Year:				
Claims, Judgments, Compensated Absences and Pollution Remediation	120,854	2,336	123,190	3,784
Unearned and Deferred Revenue	258,897	-	258,897	448,558
Notes, Bonds, and Leases Payable	1,306,296	554,966	1,861,262	4,209,091
Other Long-term Debt	-	-	-	7,830
Other Noncurrent Liabilities	1,089	155	1,244	30,053
Total Liabilities	5,844,962	590,750	6,435,712	5,699,714
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	5,429,469	765,841	6,195,310	1,341,499
Restricted for:				
Permanent Funds				
Nonexpendable	32,408,388	-	32,408,388	330,023
Expendable	10,997	-	10,997	88,511
Education	27,164	-	27,164	357,467
Development	307,582	-	307,582	39,209
Unemployment Compensation	-	264,904	264,904	-
Health and Human Services	17,814	378,469	396,283	-
Debt Service	43,086	25,619	68,705	645,589
Other Purposes	4,175	10,267	14,442	41,925
Unrestricted	16,423,342	317,371	16,740,713	2,586,173
Total Net Assets	$ 54,672,017	$ 1,762,471	$ 56,434,488	$ 5,430,396

The notes to the financial statements are an integral part of this statement.

		Program Revenues		
	Expenses	Charges for Services, Royalties and Other Fees	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
Primary Government:				
Governmental Activities:				
General Government	$ 423,411	$ 10,706	$ 51,504	$ 4,475
Alaska Permanent Fund Dividend	817,162	-	-	-
Education	1,688,586	3,277	237,420	1,169
University	404,071	10	485	-
Health and Human Services	2,261,984	41,816	1,210,587	45,578
Law and Justice	241,021	10,604	21,943	251
Public Protection	696,937	160,851	69,572	19,955
Natural Resources	342,556	2,278,392	77,590	18,622
Development	319,268	1,264	84,879	3,142
Transportation	1,135,249	54,746	129,852	486,310
Intergovernmental Revenue Sharing	177,531	-	28,608	-
Debt Service	48,377	1,320	97	12,008
Total Governmental Activities	8,556,153	2,562,986	1,912,537	591,510
Business-type Activities:				
Loans	5,062	16,372	584	18,987
Unemployment Compensation	339,964	168,524	95,694	-
Airports	114,885	105,441	2,895	65,183
Development	1,984	1,068	767	-
Total Business-type Activities	461,895	291,405	99,940	84,170
Total Primary Government	$ 9,018,048	$ 2,854,391	$ 2,012,477	$ 675,680
Component Units:				
University of Alaska	$ 786,696	$ 164,264	$ 228,794	$ 8,982
Alaska Housing Finance Corporation	443,804	186,552	55,013	136,955
Alaska Industrial Development and Export Authority	46,205	44,801	348	952
Nonmajor Component Units	382,360	194,514	74,207	57,229
Total Component Units	$ 1,659,065	$ 590,131	$ 358,362	$ 204,118
General Revenues:				
Taxes:				
Severance Taxes				
Selective Sales/Use				
Income Taxes				
Property Taxes				
Other Taxes				
Interest and Investment Income (Loss)				
Tobacco Settlement				
Payments In from Component Units				
Payments In from Primary Government				
Other Revenues				
Transfers - Internal Activity				
Special Items:				
Gain on Cancellation of Bonds				
Total General Revenues, Transfers, and Special Items				
Change in Net Assets				
Net Assets - Beginning of Year				
Changes in Accounting Principles				
Net Assets - End of Year				

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			
Governmental Activities	Business-type Activities	Total	Component Units
$ (356,726)	$	$ (356,726)	$
(817,162)		(817,162)	
(1,446,720)		(1,446,720)	
(403,576)		(403,576)	
(964,003)		(964,003)	
(208,223)		(208,223)	
(446,559)		(446,559)	
2,032,048		2,032,048	
(229,983)		(229,983)	
(464,341)		(464,341)	
(148,923)		(148,923)	
(34,952)		(34,952)	
(3,489,120)		(3,489,120)	
	30,881	30,881	
	(75,746)	(75,746)	
	58,634	58,634	
	(149)	(149)	
	13,620	13,620	
(3,489,120)	13,620	(3,475,500)	
			(384,656)
			(65,284)
			(104)
			(56,410)
			(506,454)
2,669,281	-	2,669,281	11,510
251,414	-	251,414	-
552,792	-	552,792	-
118,780	-	118,780	-
8,905	-	8,905	(3,752)
4,529,193	(13,201)	4,515,992	149,503
31,502	-	31,502	-
40,538	-	40,538	39,552
-	-	-	402,109
37,573	10,538	48,111	4,309
(5,267)	5,267	-	
-	-	-	17,406
8,234,711	2,604	8,237,315	620,637
4,745,591	16,224	4,761,815	114,183
49,926,426	1,746,247	51,672,673	5,292,754
-	-	-	23,459
$ 54,672,017	$ 1,762,471	$ 56,434,488	$ 5,430,396

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Governmental Funds Financial Statements

MAJOR FUNDS

General Fund – This fund is the State's operating fund. It accounts for the financial resources and transactions not accounted for in other funds. A description of the General Fund accounts and subfunds are presented in the Combining Fund Statements.

Alaska Permanent Fund – Alaska Constitution, Article IX, Section 15 – Administered by the Alaska Permanent Fund Corporation. The Alaska Constitution provides that at least 25 percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments, and bonuses received by the State shall be placed in the Alaska Permanent Fund.

NONMAJOR FUNDS

Other nonmajor governmental funds are presented by fund type in the Combining Fund Statements.

STATE OF ALASKA **STATEMENT 1.11**
Balance Sheet
Governmental Funds
June 30, 2010
(Stated in Thousands)

	General Fund	Alaska Permanent Fund	Nonmajor Funds	Total Governmental Funds
ASSETS				
Cash and Investments	$ 14,996,008	$ 34,215,805	$ 1,089,376	$ 50,301,189
Accounts Receivable - Net	351,500	142,854	2,912	497,266
Interest and Dividends Receivable	13,757	96,109	974	110,840
Due from Other Funds	984,167	-	2,051	986,218
Due from Component Units	78,389	-	-	78,389
Due from Other Governments	450,801	-	4,983	455,784
Loans, Notes, and Bonds Receivable	21,073	-	85	21,158
Inventories	17,268	-	-	17,268
Securities Lending Collateral	-	2,598,126	-	2,598,126
Other Assets	19,542	-	51	19,593
Total Assets	$ 16,932,505	$ 37,052,894	$ 1,100,432	$ 55,085,831
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable and Accrued Liabilities	$ 900,853	$ 341,974	$ 10,026	$ 1,252,853
Obligations Under Securities Lending	-	2,598,126	-	2,598,126
Due to Other Funds	45,414	857,983	19,628	923,025
Due to Component Units	2,482	-	-	2,482
Due to Other Governments	384	-	2	386
Unearned and Deferred Revenue	446,595	-	1,851	448,446
Other Liabilities	641	-	340	981
Total Liabilities	1,396,369	3,798,083	31,847	5,226,299
Fund Balances:				
Nonspendable:				
Compensating Balances	190,000	-	-	190,000
Inventory	17,268	-	-	17,268
Principal	-	32,044,974	363,414	32,408,388
Advances and Prepaid Items	21,931	-	-	21,931
Restricted for:				
Debt Service	3,186	-	45,986	49,172
Education	11,371	-	15,793	27,164
Health and Human Services	513	-	17,301	17,814
Development	100,281	-	207,301	307,582
Other Purposes	4,028	-	147	4,175
Committed to:				
Debt Service	9,000	-	-	9,000
Education	1,476,121	-	10,997	1,487,118
Health and Human Services	199,666	-	-	199,666
Public Protection	248,060	-	-	248,060
Permanent Fund	871,511	-	-	871,511
Development	1,855,427	-	407,646	2,263,073
Other Purposes	122,517	-	-	122,517
Assigned to:				
Permanent Fund	-	1,209,837	-	1,209,837
Unassigned	10,405,256	-	-	10,405,256
Total Fund Balances	15,536,136	33,254,811	1,068,585	49,859,532
Total Liabilities and Fund Balances	$ 16,932,505	$ 37,052,894	$ 1,100,432	$ 55,085,831

The notes to the financial statements are an integral part of this statement.

Reconciliation of the Balance Sheet to the Statement of Net Assets
Governmental Funds
June 30, 2010
(Stated in Thousands)

Total Fund Balances - Governmental Funds		$ 49,859,532
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. (Note 5) These assets consist of:		
Equipment, net of depreciation	278,674	
Buildings, net of depreciation	1,005,533	
Infrastructure, net of depreciation	2,499,184	
Land / right-of-way	823,035	
Construction in progress	1,354,695	
		5,961,121
Some of the State's assets are not current available resources and are not reported in the funds.		
Net pension asset (Note 7)	190	
Other post employment benefits asset (Note 7)	82	
Unamortized bond issuance cost	5,501	
		5,773
Internal service funds are used by management to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Assets. (See Statement 1.21)		361,908
Certain revenues are not available to pay for the current period's expenditures and therefore are not reported in the funds.		146,259
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds. (Note 6)		
Claims and judgments, net of federal reimbursement	(75,087)	
Compensated absences	(150,894)	
Pollution remediation	(53,316)	
Capital lease obligations	(410,085)	
Pension benefit obligation	(751)	
		(690,133)
Long-term bonded debt is not due and payable in the current period and therefore is not reported in the funds. (Note 6)		
Notes and bonds payable	(960,875)	
Accrued interest payable	(11,568)	
		(972,443)
Net Assets of Governmental Activities		$ 54,672,017

The notes to the financial statements are an integral part of this statement.

STATE OF ALASKA **STATEMENT 1.13**
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2010
(Stated in Thousands)

	General Fund	Alaska Permanent Fund	Nonmajor Funds	Total Governmental Funds
REVENUES				
Taxes	$ 3,578,905	$ -	$ 23,440	$ 3,602,345
Licenses and Permits	113,995	-	30,165	144,160
Charges for Services	163,896	-	504	164,400
Fines and Forfeitures	14,637	-	108	14,745
Rents and Royalties	1,548,026	679,438	32,535	2,259,999
Premiums and Contributions	16,348	-	5,434	21,782
Interest and Investment Income	925,117	3,593,091	57,620	4,575,828
Federal Grants in Aid	2,394,054	-	28,931	2,422,985
Payments In from Component Units	40,538	-	-	40,538
Other Revenues	7,236	-	25,294	32,530
Total Revenues	8,802,752	4,272,529	204,031	13,279,312
EXPENDITURES				
Current:				
General Government	365,067	69,174	2,937	437,178
Alaska Permanent Fund Dividend	817,162	-	-	817,162
Education	1,669,469	-	35,871	1,705,340
University	402,851	-	16	402,867
Health and Human Services	2,246,658	-	4,973	2,251,631
Law and Justice	302,185	1,477	-	303,662
Public Protection	715,011	-	934	715,945
Natural Resources	266,283	5,153	119,882	391,318
Development	320,285	-	9,789	330,074
Transportation	1,128,683	-	45,988	1,174,671
Intergovernmental Revenue Sharing	177,804	-	-	177,804
Debt Service:				
Principal	5,810	-	37,400	43,210
Interest and Other Charges	2,201	-	42,909	45,110
Total Expenditures	8,419,469	75,804	300,699	8,795,972
Excess (Deficiency) of Revenues Over Expenditures	383,283	4,196,725	(96,668)	4,483,340
OTHER FINANCING SOURCES (USES)				
Capital Leases	20,603	-	-	20,603
Transfers In from Other Funds	868,028	-	55,987	924,015
Transfers (Out to) Other Funds	(60,014)	(857,983)	(12,722)	(930,719)
Total Other Financing Sources and Uses	828,617	(857,983)	43,265	13,899
Net Change in Fund Balances	1,211,900	3,338,742	(53,403)	4,497,239
Fund Balances - Beginning of Year	14,324,236	29,916,069	1,121,988	45,362,293
Fund Balances - End of Year	$ 15,536,136	$ 33,254,811	$ 1,068,585	$ 49,859,532

The notes to the financial statements are an integral part of this statement.

Net Change in Fund Balances - Total Governmental Funds		$ 4,497,239
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Primarily this is the amount by which capital outlays exceeded depreciation in the current period (Note 4).		
Capital outlay	466,587	
Depreciation expense	(310,116)	
		156,471
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue of the internal service funds is reported in governmental activities in the Statement of Revenues, Expenses, and Changes in Fund Net Assets (Statement 1.22).		
Net current year revenue		7,783
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund.		4,438
Bond and other debt proceeds provide current financial resources to governmental funds; however, issuing debt increases long-term liabilities in the Statement of Net Assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.		
Accrued interest	(3,064)	
Repayment of bond principal	43,217	
Amortization of bond issue costs	(547)	
		39,606
Some capital additions were financed through capital leases. In the governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net assets, the lease obligation is reported as a liability.		(20,603)
Certain expenditures are reported in the funds. However, they either increase or decrease long-term liabilities reported on the Statement of Net Assets and have been eliminated from the Statement of Activities.		
Claims and judgments	60,258	
Compensated absences	(10,300)	
Pollution remediation	(10,186)	
Capital lease payments	21,364	
Pension obligation	(561)	
Other post employment benefits	82	
		60,657
Change in Net Assets of Governmental Activities		$ 4,745,591

The notes to the financial statements are an integral part of this statement.

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Proprietary Funds Financial Statements

Proprietary funds are used to account for the State's business-type activities. The two fund types classified as proprietary funds are enterprise funds and internal service funds.

MAJOR ENTERPRISE FUNDS

Enterprise funds account for business-like state activities that provide goods and/or services to the public and are financed primarily through user charges. The following are the State's major enterprise funds.

- **International Airports Fund (Fund 21602)** – AS 37.15.410-550 – Administered by the Department of Transportation and Public Facilities. This fund consists of all revenues, fees, charges, and rentals derived by the State from the ownership, lease, use, and operation of the airports**.**

NONMAJOR FUNDS

Nonmajor proprietary funds are presented by fund type in the Combining Fund Statements.

	Business-type Activities Enterprise Funds			Governmental Activities
	International Airports	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Funds
ASSETS				
Current Assets:				
Cash and Investments	$ 111,162	$ 466,488	$ 577,650	$ 96,790
Accounts Receivable - Net	13,469	14,312	27,781	128
Interest and Dividends Receivable	-	5,343	5,343	-
Due from Other Funds	-	619	619	9,538
Due from Other Governments	10,030	3,194	13,224	-
Loans, Notes, and Bonds Receivable	-	25,931	25,931	-
Inventories	-	-	-	3,346
Other Current Assets	-	47	47	2,335
Total Current Assets	134,661	515,934	650,595	112,137
Noncurrent Assets:				
Interest and Dividends Receivable	-	20,219	20,219	-
Loans, Notes, and Bonds Receivable	-	357,321	357,321	-
Repossessed Property	-	696	696	-
Investment in Projects, Partnerships, or Corporations	-	3,780	3,780	-
Restricted Assets	119,601	-	119,601	-
Other Noncurrent Assets	-	2,567	2,567	-
Capital Assets:				
Equipment, Net of Depreciation	29,809	-	29,809	161,740
Buildings, Net of Depreciation	746,073	-	746,073	109,626
Infrastructure, Net of Depreciation	361,542	-	361,542	-
Land / Right-of-Way	29,738	-	29,738	-
Construction in Progress	35,836	41,076	76,912	4,562
Total Noncurrent Assets	1,322,599	425,659	1,748,258	275,928
Total Assets	1,457,260	941,593	2,398,853	388,065
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	1,666	4,790	6,456	21,889
Due to Other Funds	42,161	3,471	45,632	786
Due to Other Governments	-	4,074	4,074	-
Interest Payable	6,668	-	6,668	-
Claims, Judgments, Compensated Absences, and Pollution Remediation	3,431	925	4,356	2,334
Unearned and Deferred Revenue	4,175	-	4,175	-
Notes, Bonds, and Leases Payable	7,040	-	7,040	-
Other Current Liabilities	-	524	524	325
Total Current Liabilities	65,141	13,784	78,925	25,334
Noncurrent Liabilities:				
Claims, Judgments, Compensated Absences, and Pollution Remediation	1,876	460	2,336	823
Notes, Bonds, and Leases Payable	554,966	-	554,966	-
Other Noncurrent Liabilities	155	-	155	-
Total Noncurrent Liabilities	556,997	460	557,457	823
Total Liabilities	622,138	14,244	636,382	26,157
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	724,765	41,076	765,841	275,928
Restricted for:				
Unemployment Compensation	-	264,904	264,904	-
Health and Human Services	-	378,469	378,469	-
Debt Service	25,619	-	25,619	-
Other Purposes	10,053	214	10,267	-
Unrestricted	74,685	242,686	317,371	85,980
Total Net Assets	$ 835,122	$ 927,349	$ 1,762,471	$ 361,908

The notes to the financial statements are an integral part of this statement.

Statement of Revenues, Expenses, and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2010
(Stated in Thousands)

	Business-type Activities Enterprise Funds			Governmental Activities
	International Airports	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Funds
OPERATING REVENUES				
Premiums and Contributions	$ -	$ 168,524	$ 168,524	$ 81,228
Charges for Goods and Services	104,680	1,297	105,977	101,183
Interest and Investment Income	-	15,594	15,594	-
Allowance for Uncollectible Interest	-	(772)	(772)	-
Fines and Forfeitures	-	65	65	-
Federal Reimbursements	-	82,805	82,805	-
Other Operating Revenues	761	-	761	1,591
Total Operating Revenues	105,441	267,513	372,954	184,002
OPERATING EXPENSES				
Benefits	-	340,147	340,147	91,429
Operating	64,368	5,379	69,747	91,417
Depreciation	47,368	36	47,404	23,896
Provision for Loan Losses and Forgiveness	-	(1,443)	(1,443)	-
Total Operating Expenses	111,736	344,119	455,855	206,742
Operating Income (Loss)	(6,295)	(76,606)	(82,901)	(22,740)
NONOPERATING REVENUES (EXPENSES)				
Interest and Investment Income	5,618	19,519	25,137	1,464
Interest and Investment Expense	(25,449)	(3)	(25,452)	(48)
Gain (Loss) on Disposal of Capital Assets	(6)	125	119	(41)
Other Nonoperating Revenues (Expenses)	(248)	10,293	10,045	90
Total Nonoperating Revenues (Expenses)	(20,085)	29,934	9,849	1,465
Income Before Capital Contributions and Transfers	(26,380)	(46,672)	(73,052)	(21,275)
Capital Contributions	65,183	23,595	88,778	18,044
Transfers In from Other Funds	1,381	622	2,003	11,014
Transfers (Out to) Other Funds	-	(1,505)	(1,505)	-
Change in Net Assets	40,184	(23,960)	16,224	7,783
Total Net Assets - Beginning of Year	794,938	951,309	1,746,247	354,125
Total Net Assets - End of Year	$ 835,122	$ 927,349	$ 1,762,471	$ 361,908

The notes to the financial statements are an integral part of this statement.

	Business-type Activities Enterprise Funds			Governmental Activities
	International Airports	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Other Governments	$ -	$ 82,855	$ 82,855	$ 70
Receipts from Customers	102,570	368	102,938	338
Receipts for Interfund Services Provided	-	405	405	98,829
Receipt of Principal from Loan Recipients	-	36,465	36,465	-
Receipt of Interest and Fees from Loan Recipients	-	18,359	18,359	-
Receipts from Insured	-	168,238	168,238	81,207
Payments to Employees	(39,356)	(3,791)	(43,147)	(30,757)
Payments to Suppliers	(25,018)	(686)	(25,704)	(53,393)
Payments to Other Governments	-	-	-	-
Payments to Loan Recipients	-	(82,406)	(82,406)	-
Claims Paid	-	(340,741)	(340,741)	(89,210)
Payments for Interfund Services Used	-	(1,327)	(1,327)	-
Other Receipts	1,533	348	1,881	1,682
Other Payments	-	(1,180)	(1,180)	(701)
Net Cash Provided (Used) by Operating Activities	39,729	(123,093)	(83,364)	8,065
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Subsidies and Transfers (Out to) Other Funds	-	(3,391)	(3,391)	-
Operating Subsidies and Transfers In from Other Funds	1,381	783	2,164	12,115
Federal Grants	-	30,179	30,179	-
Proceeds from Issuance of Short-term Debt	-	2,592	2,592	-
Payments on Short-term Debt	-	(2,592)	(2,592)	-
Interest and Fees Paid on Borrowing	-	(3)	(3)	-
Net Cash Provided (Used) by Noncapital Financing Activities	1,381	27,568	28,949	12,115
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Contributions	-	426	426	-
Proceeds from Sale of Capital Assets	-	-	-	1,106
Acquisition and Construction of Capital Assets	(114,098)	(4,485)	(118,583)	(28,912)
Principal Paid on Capital Debt	(21,063)	-	(21,063)	(1,267)
Interest and Fees Paid on Capital Debt	(25,874)	(67)	(25,941)	(48)
Federal Grants	58,912	4,126	63,038	-
Other Receipts (Payments)	4,797	124	4,921	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(97,326)	124	(97,202)	(29,121)
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from Sales/Maturities of Investments	42,750	26	42,776	-
Purchase of Investments	(19,788)	-	(19,788)	-
Interest and Dividends on Investments	5,618	17,840	23,458	1,464
Change in Restricted Cash and Investments	35,012	-	35,012	-
Net Cash Provided (Used) by Investing Activities	63,592	17,866	81,458	1,464
Net Increase (Decrease) in Cash	7,376	(77,535)	(70,159)	(7,477)
Cash and Cash Equivalents - Beginning of Year	7,025	544,023	551,048	104,267
Cash and Cash Equivalents - End of Year	$ 14,401	$ 466,488	$ 480,889	$ 96,790

The notes to the financial statements are an integral part of this statement.

This statement continued on next page.

	Business-type Activities Enterprise Funds			Governmental Activities
	International Airports	Nonmajor Enterprise Funds	Enterprise Funds Total	Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	$ (6,295)	$ (76,606)	$ (82,901)	$ (22,740)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	47,368	36	47,404	23,896
Other Reconciling Items	6	134	140	90
Net Changes in Assets and Liabilities:				
Accounts Receivable - Net	(3,444)	(3,423)	(6,867)	(63)
Due from Other Funds	-	(531)	(531)	(1,904)
Due from Other Governments	-	2,192	2,192	-
Loans, Notes, and Bonds Receivable - Net	-	(46,690)	(46,690)	-
Repossessed Property	-	145	145	-
Investment in Projects, Partnerships, or Corporations	-	(122)	(122)	-
Interest and Dividends Receivable - Net	-	2,941	2,941	-
Inventories	-	-	-	(168)
Other Assets	-	(72)	(72)	5,677
Due to Other Funds	1,533	367	1,900	(775)
Due to Other Governments	-	592	592	-
Accounts Payable and Accrued Liabilities	104	(2,225)	(2,121)	3,967
Other Liabilities	457	169	626	85
Net Cash Provided (Used) by Operating Activities	$ 39,729	$ (123,093)	$ (83,364)	$ 8,065
Reconciliation of Cash to the Statement of Net Assets:				
Total Cash and Investments per the Statement of Net Assets	$ 111,162	$ 466,488	$ 577,650	$ 96,790
Less: Investments not Meeting the Definition of Cash or Cash Equivalents	(96,761)	-	(96,761)	-
Cash, End of Year	$ 14,401	$ 466,488	$ 480,889	$ 96,790
Noncash Investing, Capital, and Financing Activities:				
Contributed Capital Assets	-	124	124	18,039
Transfers (Out to) Other Funds (Accrual)	-	(1,546)	(1,546)	-

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Fiduciary Funds Financial Statements

Individual fund descriptions and financial statements are presented in the Combining Fund Statements.

Pension and Other Employee Benefit Trust Funds
Agency Funds

STATE OF ALASKA **STATEMENT 1.31**
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2010
(Stated in Thousands)

	Pension and Other Employee Benefit Trust Funds	Agency Funds
ASSETS		
Cash and Cash Equivalents	$ 212,850	$ 151,535
Investments:		162,483
Short-Term Investments	64,996	
Commercial Paper	146,047	
U.S. Treasury	1,179,716	
U.S. Government Agency	47,335	
Foreign Government Bonds	174,824	
Mortgage-Backed	708,317	
Other Asset-Backed	11,180	
Corporate Bonds	677,066	
Yankees	27,134	
Fixed Income Pool	452	
Domestic Equity Pool	3,913,482	
International Equity Pool	1,928,045	
Emerging Markets Pool	881,754	
Private Equity Pool	1,290,382	
Absolute Return Pool	670,592	
Real Assets	1,927,911	
Participant-Directed	2,405,736	
Other Net Investments	211,432	
Investment Loss Trust Fund Assets	1,903	-
Accounts Receivable - Net	506,271	6
Contributions Receivable	37,794	-
Interest and Dividends Receivable	17	-
Due from Other Funds	38,320	9,862
Other Assets	4,173	-
Total Assets	17,067,729	323,886
LIABILITIES		
Accounts Payable and Accrued Liabilities	180,520	3,249
Trust Deposits Payable	-	317,961
Due to Other Funds	23,869	2,676
Total Liabilities	204,389	323,886
NET ASSETS		
Held in Trust for:		
Pension Benefits	8,390,106	-
Postemployment Healthcare Benefits	5,754,589	-
Individuals, Organizations, and Other Governments	2,718,645	-
Total Net Assets	$ 16,863,340	$ -

The notes to the financial statements are an integral part of this statement.

STATE OF ALASKA **STATEMENT 1.32**
Statement of Changes in Fiduciary Net Assets
Fiduciary Funds
For the Fiscal Year Ended June 30, 2010
(Stated in Thousands)

	Pension and Other Employee Benefit Trust Funds
ADDITIONS	
Premiums and Contributions:	
Employer	$ 597,174
Member	379,244
Other	282,965
Total Premiums and Contributions	1,259,383
Investment Income:	
Net Appreciation (Depreciation) in Fair Value of Investments	1,501,430
Interest	127,436
Dividends	136,667
Total Investment Income	1,765,533
Less Investment Expense	25,587
Net Investment Income	1,739,946
Other Additions:	
Legal Settlement	499,999
Other	15,664
Total Additions	3,514,992
DEDUCTIONS	
Benefits Paid	1,424,589
Insurance Premiums	3,643
Refunds of Premiums and Contributions	19,795
Administrative Expenses	34,596
Legal Settlement Fees	97,020
Total Deductions	1,579,643
Net Increase (Decrease) in Net Assets Held in Trust for:	
Pension Benefits	501,579
Postemployment Healthcare Benefits	968,347
Individuals, Organizations, and Other Governments	465,423
Net Assets - Beginning of the Year	14,927,991
Net Assets - End of the Year	$ 16,863,340

The notes to the financial statements are an integral part of this statement.

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Component Units Financial Statements

Component units are legally separate entities for which the primary government is financially accountable or such that their exclusion would cause the State's financial statements to be misleading or incomplete.

MAJOR COMPONENT UNITS

- **University of Alaska (U of A)** – AS 14.40.040 – is established as a corporation and is an instrumentality of the State. The university is created and acts for the benefit of the State and the public in providing education in accordance with an express mandate of the constitution.
- **Alaska Housing Finance Corporation (AHFC)** – AS 18.56.020 – is a public corporation and government instrumentality within the Department of Revenue, but having a legal existence independent of and separate from the State. The purpose of AHFC is to assist in providing decent, safe, and sanitary housing by financing mortgage loans.
- **Alaska Industrial Development and Export Authority (AIDEA)** – AS 44.88.020 – is a public corporation of the State and a political subdivision within the Department of Commerce, Community, and Economic Development. The purpose of AIDEA is to promote, develop, and advance the general prosperity and economic welfare of the people of Alaska; to relieve problems of unemployment; to create additional employment by providing various means of financing; and to facilitate the financing of industrial, manufacturing, export, and business enterprises within the State.

NONMAJOR COMPONENT UNITS

Nonmajor component units are presented in the Combining Fund Statements.

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	University of Alaska	Alaska Housing Finance Corporation	Alaska Industrial Development and Export Authority	Nonmajor Component Units	Total
ASSETS					
Cash and Investments	$ 143,635	$ 626,429	$ 387,128	$ 1,030,979	$ 2,188,171
Accounts Receivable - Net	26,747	-	-	20,321	47,068
Interest and Dividends Receivable	78	14,647	5,642	15,464	35,831
Due from Primary Government	9,522	14,689	1	3,194	27,406
Due from Component Units	9	-	1,770	25,126	26,905
Due from Other Governments	34,474	-	436	10,346	45,256
Loans, Notes, and Bonds Receivable	16,473	2,971,253	378,888	732,632	4,099,246
Inventories	8,021	-	-	19,015	27,036
Repossessed Property	-	-	300	-	300
Net Investment in Direct Financing Leases	-	61,222	244,773	-	305,995
Investments in Projects, Partnerships, or Corporations	-	-	81,372	-	81,372
Securities Lending Collateral	-	-	-	27,447	27,447
Restricted Assets	264,448	822,394	106,279	760,674	1,953,795
Deferred Outflows	-	127,899	-	-	127,899
Other Assets	35,058	45,525	3,908	1,346	85,837
Capital Assets:					
Equipment, Net of Depreciation	103,081	777	-	187,673	291,531
Buildings, Net of Depreciation	638,483	95,515	1,511	35,221	770,730
Infrastructure, Net of Depreciation	34,083	-	-	725,759	759,842
Land / Right-of-Way	28,490	13,753	600	38,865	81,708
Construction in Progress	59,177	2,714	-	84,844	146,735
Total Assets	1,401,779	4,796,817	1,212,608	3,718,906	11,130,110
LIABILITIES					
Accounts Payable and Accrued Liabilities	53,272	13,423	1,531	47,329	115,555
Obligations Under Securities Lending	-	-	-	27,447	27,447
Due to Primary Government	-	3,536	454	81,049	85,039
Due to Component Units	-	25,000	-	1,770	26,770
Due to Other Governments	-	-	-	1,176	1,176
Interest Payable	-	12,770	3,330	17,864	33,964
Derivative Instruments	-	130,267	-	-	130,267
Other Current Liabilities	53,401	149,890	3	631	203,925
Long-term Liabilities:					
Portion Due or Payable Within One Year:					
Claims, Judgments, Compensated Absences and Pollution Remediation	-	2,443	-	2,174	4,617
Unearned and Deferred Revenue	1,281	-	-	8,261	9,542
Notes, Bonds, and Leases Payable	6,763	240,725	9,625	101,818	358,931
Other Long-term Debt	-	-	-	3,043	3,043
Other Noncurrent Liabilities	-	-	-	122	122
Portion Due or Payable After One Year:					
Claims, Judgments, Compensated Absences and Pollution Remediation	-	2,198	-	1,586	3,784
Unearned and Deferred Revenue	6,398	-	7,022	435,138	448,558
Notes, Bonds, and Leases Payable	114,537	2,591,922	164,945	1,337,687	4,209,091
Other Long-term Debt	-	-	-	7,830	7,830
Other Noncurrent Liabilities	7,391	652	13,516	8,494	30,053
Total Liabilities	243,043	3,172,826	200,426	2,083,419	5,699,714
NET ASSETS					
Invested in Capital Assets, Net of Related Debt	738,206	112,759	83,483	407,051	1,341,499
Restricted for:					
Permanent Funds					
Nonexpendable	-	-	-	330,023	330,023
Expendable	-	-	-	88,511	88,511
Education	275,339	-	-	82,128	357,467
Development	-	-	-	39,209	39,209
Debt Service	4,658	589,130	-	51,801	645,589
Other Purposes	-	18,613	1,460	21,852	41,925
Unrestricted	140,533	903,489	927,239	614,912	2,586,173
Total Net Assets	$ 1,158,736	$ 1,623,991	$ 1,012,182	$ 1,635,487	$ 5,430,396

The notes to the financial statements are an integral part of this statement.

		Program Revenues		
	Expenses	Charges for Services, Royalties and Other Fees	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
Component Units:				
University of Alaska	$ 786,696	$ 164,264	$ 228,794	$ 8,982
Alaska Housing Finance Corporation	443,804	186,552	55,013	136,955
Alaska Industrial Development and Export Authority	46,205	44,801	348	952
Nonmajor Component Units	382,360	194,514	74,207	57,229
Total Component Units	$ 1,659,065	$ 590,131	$ 358,362	$ 204,118

General Revenues:
Interest and Investment Income (Loss)
Taxes
Payments In from Component Units
Payments In from Primary Government
Other Revenues
Special Items:
Gain on Cancellation of Bonds
Total General Revenues and Special Items
Change in Net Assets
Net Assets - Beginning of Year
Changes in Accounting Principles
Net Assets - End of Year

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Assets				
University of Alaska	Alaska Housing Finance Corporation	Alaska Industrial Development and Export Authority	Nonmajor Component Units	Total Component Units
$ (384,656)	$	$	$	$ (384,656)
	(65,284)			(65,284)
		(104)		(104)
			(56,410)	(56,410)
(384,656)	(65,284)	(104)	(56,410)	(506,454)
26,217	17,128	32,011	74,147	149,503
-	-	-	7,758	7,758
9,107	-	5,445	25,000	39,552
394,909	-	304	6,896	402,109
2,699	1,610	-	-	4,309
-	-	-	17,406	17,406
432,932	18,738	37,760	131,207	620,637
48,276	(46,546)	37,656	74,797	114,183
1,110,460	1,672,111	974,526	1,535,657	5,292,754
-	(1,574)	-	25,033	23,459
$ 1,158,736	$ 1,623,991	$ 1,012,182	$ 1,635,487	$ 5,430,396

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Notes to the Basic Financial Statements

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STATE OF ALASKA
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For the Fiscal Year Ended June 30, 2010

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NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements of the State of Alaska have been prepared in conformity with generally accepted accounting principles (GAAP) as prescribed by the Governmental Accounting Standards Board (GASB). GASB is the accepted standard-setting body for governmental accounting and financial reporting principles, which are primarily set forth in GASB's Codification of Governmental Accounting and Financial Reporting Standards.

A. THE FINANCIAL REPORTING ENTITY

The State of Alaska (State) was admitted to the Union in 1959 and is governed by an elected governor and a sixty-member elected legislature. As required by GAAP, these financial statements present all the fund types of the State which includes all agencies, boards, commissions, authorities, courts, and colleges and universities that are legally part of the State (primary government) and its component units discussed below. Component units are legally separate entities for which the primary government is financially accountable or such that their exclusion would cause the State's financial statements to be misleading or incomplete.

The following component units are included in the accompanying financial statements. Blended component units, although legally separate entities, are, in substance, part of the State's operations and provide services entirely or almost entirely to the State. Discretely presented component units are reported in a separate column in the government-wide financial statements to emphasize that they are legally separate from the State. Individual component unit financial reports may also be obtained from these organizations as indicated.

BLENDED COMPONENT UNITS

The **Alaska Housing Capital Corporation** (AHCC) is a public corporation and government instrumentality of, but having a legal existence independent and separate from, the State. AHCC is a subsidiary of, but separate and apart from, the Alaska Housing Finance Corporation (AHFC). The commissioners of the departments of Revenue; Commerce, Community, and Economic Development; and Health and Social Services; and four independent public members appointed by the Governor comprise the AHCC board of directors. The Legislature appropriates the budget for AHCC for the purpose of funding future capital projects for the State. The corporation has the power to borrow money and issue bonds on its own behalf. AHCC is reported within the governmental funds as a special revenue fund. AHCC financial statements may be obtained from the Alaska Housing Finance Corporation, P.O. Box 101020, Anchorage, AK 99510-1020.

The **Alaska Permanent Fund Corporation** (APFC) is a public corporation and government instrumentality in the Department of Revenue (AS 37.13.040). A governor-appointed six-member board manages APFC. The Legislature approves APFC's budget. The purpose of APFC is to manage and invest the assets of the Alaska Permanent Fund (Fund) and other funds designated by law. The Fund is a savings device, restricted as to usage, which belongs to all the people of Alaska. It was created in 1976 when the voters approved an amendment to the State Constitution. The beneficiaries of the Fund are all present and future generations of Alaskans. The Fund represents 67 percent of the total cash and investments and 59 percent of total government-wide net assets excluding discretely presented component units. The Fund is reported as a permanent fund (a governmental fund type), and APFC operations are included in the fund statements. Separately issued financial statements may be obtained from the Alaska Permanent Fund Corporation, P.O. Box 115500, Juneau, AK 99811-5500, or from their web site at www.apfc.org.

The **Knik Arm Bridge and Toll Authority** (KABTA) is a public corporation and government instrumentality in the Department of Transportation and Public Facilities (AS 19.75.021). The authority has a separate and independent legal existence from the State. It is governed by a board of directors, including the commissioner of the Department of Transportation and Public Facilities, the commissioner of the Department of Revenue, three public members appointed by the Governor, and two non-voting members: a member of the House of Representatives appointed by the Speaker; and a member of the Senate appointed by the President. The purpose of the authority is to develop public transportation systems in the vicinity of Upper Cook Inlet with construction of a bridge to span Knik Arm and connect the Municipality of Anchorage with the Matanuska-Susitna Borough. KABTA financial statements are included in the Combining Fund section of this Comprehensive Annual Financial Report (CAFR) with the Nonmajor Enterprise Funds. Separately issued financial statements may be obtained from Knik Arm Bridge and Toll Authority, 550 W. 7th Avenue, Suite 1850, Anchorage, AK 99501.

The **Northern Tobacco Securitization Corporation** (NTSC) is a public corporation and government instrumentality of, but having a legal existence independent and separate from, the State. NTSC is a subsidiary of, but separate and apart from, the Alaska Housing Finance Corporation (AHFC). The commissioners of the departments of Revenue; Health and Social Services; and Commerce, Community and Economic Development; and two independent public members appointed by the Governor comprise the NTSC board of directors.

The purpose of NTSC is to purchase future rights, title, and interest in Tobacco Settlement Revenues (TSRs) from the State under the Master Settlement Agreement and Final Judgment (MSA). The MSA resolved cigarette smoking-related litigation between the settling states and the participating manufacturers, released the manufacturers from past and present smoking-related claims, and provides for a continuing release of future smoking-related claims, in exchange for certain payments to be made to the settling states, as well as certain tobacco advertising and marketing restrictions among other things.

NTSC is authorized to issue bonds necessary to provide sufficient funds for carrying out its purpose. When NTSC's obligations with the bonds have been fulfilled, the TSRs revert back to the State under the residual certificate. Consideration paid by NTSC through AHFC to the State for TSRs consisted of a cash amount sent to the State's custodial trust accounts and a residual certificate assigned to the State.

The bonds of NTSC are asset-backed instruments secured solely by the TSRs and NTSC's right to receive TSRs is expected to produce funding for its obligations. The TSR payments are dependent on a variety of factors, some of which are: the financial capability of the participating manufacturers to pay TSRs; future cigarette consumption that impacts the TSR payment; and future legal and legislative challenges against the tobacco manufacturers and the MSA providing for the TSRs. Pursuant to bond indentures, these adjustments could affect the amount of funds available to pay scheduled debt service payments.

NTSC is reported in the governmental fund types as special revenue and debt service funds. The revenue bond debt is reported in the government-wide statement of net assets in the governmental fund activities column. NTSC financial statements may be obtained from the Alaska Housing Finance Corporation, P.O. Box 101020, Anchorage, AK 99510-1020.

The **Public Employees' Retirement System** (PERS) was established by Alaska Statute (AS) 39.35.095 (defined benefit) and AS 39.35.700 (defined contribution). The Commissioner of the Department of Administration or the commissioner's designee is the administrator of PERS. The administrator is responsible for the administration of PERS in accordance with State statutes. The Commissioner of the Department of Administration adopts regulations to govern the operation of the PERS. Hearings and rulings on the appeal of the decision of the administrator are in the jurisdiction of the Office of Administrative Hearings (OAH). The Alaska Retirement Management Board (ARMB) approves employers' rates. PERS costs, based upon actuarial valuations, are funded by the State, participating governmental employers, and participants. PERS is reported in the fiduciary fund types as a pension (and other employee benefit) trust fund. The ARMB is the fiduciary of PERS. The Governor appoints the majority of the ARMB.

The **Teachers' Retirement System** (TRS) was established by AS 14.25.009 (defined benefit) and AS 14.25.310 (defined contribution). The Commissioner of the Department of Administration or the commissioner's designee is the administrator of the system. The administrator is responsible for the administration of TRS in accordance with State statutes. The Commissioner of the Department of Administration adopts regulations to govern the operation of the TRS. Hearings and rulings on the appeal of the decision of the administrator are in the jurisdiction of the OAH. The ARMB approves employers' rates. TRS costs, based upon actuarial valuations, are funded by the State, participating governmental employers, and participants. TRS is reported in the fiduciary fund types as a pension (and other employee benefit) trust fund. The ARMB is the fiduciary of TRS. The Governor appoints the majority of the ARMB.

The **Judicial Retirement System** (JRS) was established by AS 22.25.048. The Commissioner of the Department of Administration is responsible for the administration of JRS. JRS costs, based upon actuarial valuations, are funded by the State and participants. JRS is reported in the fiduciary fund types as a pension (and other employee benefit) trust fund. The ARMB is the fiduciary of JRS. The Governor appoints the majority of the ARMB.

The **Alaska National Guard and Alaska Naval Militia Retirement System** (NGNMRS) was established by AS 26.05.222. The Commissioner of the Department of Administration is responsible for the administration of NGNMRS. NGNMRS costs, based upon actuarial valuations, are funded by the State. NGNMRS is reported in the fiduciary fund types as a pension (and other employee benefit) trust fund. The ARMB is the fiduciary of NGNMRS. The Governor appoints the majority of the ARMB.

The **Supplemental Benefits System** (SBS) was established by AS 39.30.150. The Commissioner of the Department of Administration is responsible for the administration of SBS. SBS is reported in the fiduciary fund types as a pension (and other employee benefit) trust fund. ARMB is the fiduciary of SBS. The Governor appoints the majority of the ARMB.

The **Deferred Compensation Plan** (DCP) was established by AS 39.45.010. The Commissioner of the Department of Administration is responsible for the administration of DCP. DCP is reported in the fiduciary fund types as a pension (and other employee benefit) trust fund. ARMB is the fiduciary of the DCP. The Governor appoints the majority of the ARMB.

Copies of the audited financial statements for the retirement systems, and for SBS and DCP, may be obtained from the Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

DISCRETELY PRESENTED COMPONENT UNITS

The **Alaska Aerospace Corporation** (AAC) is a public corporation of the State located for administrative purposes within the Department of Commerce, Community and Economic Development (AS 14.40.821). The Governor appoints the voting members of the AAC board of directors and the Legislature approves AAC's budget. AAC is also affiliated with the University of Alaska but with a separate and independent legal existence. The purpose of AAC is to allow the State to take a lead role in the exploration and development of space, to enhance human and economic development, and to provide a unified direction for space-related economic growth, education and research development, and tourism related activities. AAC is also to promote the continued utilization of the Poker Flat Research Range as a launch site for launch vehicles and for scientific research. Additionally, AAC is to promote and encourage the continued utilization of Poker Flat Research Range for the University of Alaska's polar research efforts. AAC financial statements may be obtained from the Alaska Aerospace Corporation, 4300 B. Street., Suite 101, Anchorage, AK 99503.

The **Alaska Energy Authority** (AEA) is a public corporation of the State in the Department of Commerce, Community and Economic Development but with a separate and independent legal existence (AS 44.83.020). The purpose of AEA was to promote, develop, and advance the general prosperity and economic welfare of the people of the State by providing a means of constructing, acquiring, financing, and operating power projects and facilities that recover and use waste energy.

However, Chapters 18 and 19, Session Laws of Alaska (SLA) 1993, which became effective August 11, 1993, eliminated the ability of AEA to construct, own, and acquire energy projects, and the programs operated by AEA were transferred to the Department of Community and Regional Affairs. The corporate structure of AEA was retained but the board of directors of the Alaska Industrial Development and Export Authority (AIDEA) is now the board of directors of AEA and the Executive Director of AIDEA is also the Executive Director of AEA. It is the intent of the legislation that ongoing operation of the operating assets be assumed by the electric utility companies that use or purchase power from AEA with oversight responsibility retained by AEA. The Governor appoints all members of the AEA board of directors and the Legislature approves AEA's budget.

Pursuant to legislation effective July 1, 1999, rural energy programs previously administered by the former Department of Community and Regional Affairs were transferred to AEA for administration as part of a larger reorganization of State agencies. Rural energy programs were originally part of AEA prior to the reorganization that occurred in 1993. AEA financial statements may be obtained from the Alaska Industrial Development and Export Authority, 813 W. Northern Lights Blvd., Anchorage, AK 99503.

The **Alaska Housing Finance Corporation** (AHFC) is a public corporation and government instrumentality within the Department of Revenue, but having a legal existence independent of and separate from the State (AS 18.56.020). The Governor appoints the board of directors of AHFC. The Legislature approves AHFC's budget. AHFC assists in providing decent, safe, and sanitary housing by financing mortgage loans. AHFC acts as the principal source of residential financing in the State and functions as a secondary mortgage market. AHFC financial statements may be obtained from the Alaska Housing Finance Corporation, P.O. Box 101020, Anchorage, AK 99510-1020.

The **Alaska Industrial Development and Export Authority** (AIDEA) is a public corporation of the State and a political subdivision within the Department of Commerce, Community and Economic Development (AS 44.88.020). The Governor appoints all members of the AIDEA board of directors and the Legislature approves AIDEA's budget. The purpose of AIDEA is to promote, develop, and advance the general prosperity and economic welfare of the people of Alaska; to relieve problems of unemployment; to create additional employment by providing various means of financing; and to facilitate the

financing of industrial, manufacturing, export, and business enterprises within the State. AIDEA financial statements may be obtained from the Alaska Industrial Development and Export Authority, 813 W. Northern Lights Blvd., Anchorage, AK 99503.

The **Alaska Mental Health Trust Authority** (AMHTA) is established as a public corporation of the State within the Department of Revenue (AS 47.30.011). The Governor appoints the AMHTA board of trustees. The Legislature approves AMHTA's budget. The purpose of AMHTA is to ensure an integrated comprehensive mental health program. As provided in AS 37.14.009, AMHTA is to administer the trust established under the Alaska Mental Health Enabling Act of 1956. AMHTA financial statements may be obtained from the Alaska Mental Health Trust Authority, 3745 Community Park Loop, Suite 200, Anchorage, AK 99508.

The **Alaska Municipal Bond Bank Authority** (AMBBA) is a public corporation and an instrumentality of the State within the Department of Revenue, but with a legal existence independent of and separate from the State (AS 44.85.020). The Governor appoints members of the AMBBA board of directors. The Legislature approves AMBBA's budget. AMBBA was created for the purpose of making available to municipalities within the State, monies to finance their capital projects or for other authorized purposes by means of issuance of bonds by AMBBA and use of proceeds from such bonds to purchase from the municipalities their general obligation and revenue bonds. AMBBA commenced operations in August 1975. AMBBA financial statements may be obtained from the Alaska Municipal Bond Bank Authority, P.O. Box 110405, Juneau, AK 99811-0405.

The **Alaska Natural Gas Development Authority (**ANGDA) is a public corporation and government instrumentality in the Department of Revenue (AS 41.41.010). The authority has a legal existence independent of and separate from the State. The authority is governed by a seven member board of directors appointed by the Governor and confirmed by the Legislature. The budget is submitted and approved by the Governor and Legislature. The purpose of the authority is to bring natural gas from the North Slope to market. ANGDA financial statements may be obtained from the Alaska Gas Development Authority, 411 West 4th Avenue, Anchorage, AK 99501.

The **Alaska Railroad Corporation** (ARRC) is a public corporation and instrumentality of the State within the Department of Commerce, Community and Economic Development (AS 42.40.010). ARRC has a legal existence independent of and separate from the State. The powers of ARRC are vested in the board of directors. All members of the board of directors of ARRC are appointed by and serve at the pleasure of the Governor. ARRC was created by the State Legislature to own and operate the railroad and manage its rail, industrial, port, and other properties. The ARRC commenced operations on January 6, 1985. ARRC financial statements may be obtained from the Alaska Railroad Corporation, P.O. Box 107500, Anchorage, AK 99510-7500.

The **Alaska Student Loan Corporation** (ASLC) is a public corporation and government instrumentality within the Department of Education and Early Development but having a legal existence independent of and separate from the State (AS 14.42.100). ASLC is governed by a board of directors appointed by the Governor. The Legislature approves ASLC's budget. The purpose of ASLC is to improve higher educational opportunities for residents of the State. ASLC financial statements may be obtained from the Alaska Commission on Postsecondary Education, 3030 Vintage Blvd., Juneau, AK 99801-7100.

The **University of Alaska** is established as a corporation and is an instrumentality of the State (AS 14.40.040). A board of regents appointed by the Governor and confirmed by the Legislature governs the university. The Legislature approves the university's budget. The university is created and acts for the benefit of the State and the public in providing education in accordance with an express mandate of the constitution. The financial statements of the university include the assets, liabilities and related activity of the University of Alaska Foundation, a legally separate non profit component unit. The university is not accountable for, nor has ownership of, the foundation's resources. The university's financial statements may be obtained from the University of Alaska, Statewide Fund Accounting, 209 Butrovich Building, P.O. Box 756540, Fairbanks, AK 99775-6540.

The **Alaska Seafood Marketing Institute** (ASMI) is a public corporation of the State (AS 16.51.010). It is an instrumentality of the State with a legal existence independent of and separate from the State. ASMI is governed by a board of directors appointed by the Governor, and its budget is approved by the Legislature. The purpose of ASMI is to promote all species of seafood and their by-products harvested in Alaska for sale, and to develop market-oriented quality specifications. Exercise of the powers conferred by statute to ASMI is an essential governmental function. ASMI financial statements are included in the Combining Fund section of this CAFR with the Nonmajor Component Units. In addition, fund financial

statements are included as other supplementary information, since there are no separately issued financial statements for ASMI.

B. BASIC FINANCIAL STATEMENTS

The basic financial statements include government-wide financial statements and fund financial statements (as well as these notes to the financial statements). The previous financial reporting model emphasized fund types (the total of all funds of a particular type), while the new financial reporting model focus is on either the State as a whole (government-wide statements), or on major individual funds (fund financial statements). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type.

The government-wide financial statements (Statement of Net Assets and Statement of Activities) report information of all nonfiduciary activities of the State and its component units. For the most part, the effect of interfund activity has been removed from these government-wide statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. Likewise, the primary government is reported separately from the component units for which the primary government is financially accountable.

The Statement of Net Assets presents the reporting entity's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

- **Invested in capital assets, net of related debt** consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt that are attributed to the acquisition, construction, or improvement of those assets.

- **Restricted net assets** result when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors, and the like, or imposed by law through constitutional provisions or enabling legislation.

- **Unrestricted net assets** consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often are designated to indicate that management does not consider them available for general operations (see note 1.F.). Unrestricted net assets often have constraints on resources that are imposed by management, but can be modified or removed.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function, segment, or component unit. Program revenues also include grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not meeting the definition of program revenues are reported as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the fiduciary funds are excluded from the government-wide statements. The fund financial statements focus on major funds, of which the State has three: the General Fund and the Alaska Permanent Fund, both of which are governmental funds; and the International Airports Fund, which is an enterprise fund. All nonmajor funds are summarized into a single column on the respective fund statements: governmental; proprietary, which includes enterprise and internal service fund types; and fiduciary, which includes pension (and other employee benefit) trust funds, and agency funds.

C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

The government-wide financial statements are reported using the economic resource management focus and the accrual basis of accounting, as are the proprietary and fiduciary fund financial statements; however, agency funds have no measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they

become measurable and available to finance operations during the current year or to liquidate liabilities existing at the end of the year (collectible within 60 days of fiscal year end). Major revenues that are determined to be susceptible to accrual include federal, charges for services, investment income, and petroleum related taxes and royalties.

Expenditures are recognized when a liability is incurred. However, expenditures related to debt service, compensated absences, and claims and judgments are recorded only when payment is due and payable.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The State has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. All other revenues and expenses are reported as nonoperating.

When both restricted and unrestricted resources are available for use, it is the State's policy to use restricted resources first, then unrestricted resources as they are needed.

D. FINANCIAL STATEMENT PRESENTATION

The State reports three major funds, the General Fund, and the Alaska Permanent Fund, both of which are governmental funds, and the International Airports Fund, which is a proprietary enterprise fund. The General Fund is the State's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund. The Alaska Permanent Fund was created in 1976 to save a portion of the State's one-time oil wealth to produce income to benefit current and future generations. The International Airports Fund was created in 1961 to equip, finance, maintain and operate two international airports located in Anchorage and Fairbanks. In addition, the State reports the following fund types:

GOVERNMENTAL FUND TYPES

Special revenue funds are used to account for the proceeds of specific revenue sources that are generally legally restricted to expenditure for specified purposes.

Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital project funds account for the acquisition or construction of major capital facilities financed by bond proceeds.

Permanent funds are used to account for resources that are legally restricted to the extent that only earnings, and not principal, may be used for purposes that benefit the government or its citizenry. In addition to the Alaska Permanent Fund (major fund), the State has two other permanent funds, the Public School Trust Fund and the Alaska Mental Health Trust Authority (a discretely presented component unit).

PROPRIETARY FUND TYPES

Enterprise funds are used to report any activity for which a fee is charged to external users for goods and services.

Internal service funds are used to report any activity that provides goods or services primarily to other funds or agencies of the State, rather than to the general public. Internal service fund activities of the State include facilities management of State-owned buildings, self-insurance health care for State employees, vehicle and equipment maintenance and supplies, and computing and telecommunication services.

FIDUCIARY FUND TYPES

Pension (and other employee benefits) trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, and other postemployment benefit

plans. These funds account for the Alaska National Guard and Alaska Naval Militia Retirement System, Deferred Compensation, Judicial Retirement System, Public Employees' Retirement System, Retiree Health, Supplemental Benefits System, and Teachers' Retirement System.

Agency funds are used to report resources held by the State purely in a custodial capacity (assets equal liabilities). These funds include resources from unclaimed property, wage and hour, deposits/bonds held, offender trust accounts, advocacy/guardianship trusts, and damage recoveries arising out of the Exxon Valdez oil spill.

E. FISCAL YEAR ENDS

All funds and discretely presented component units of the State are reported using fiscal years, which end on June 30, except the Alaska Railroad Corporation and Deferred Compensation Fund fiscal years end on December 31, and the Alaska Supplemental Benefits System fiscal year ends on January 31.

F. ASSETS, LIABILITIES, AND NET ASSETS / FUND BALANCE

CASH AND INVESTMENTS, CASH AND CASH EQUIVALENTS

The amounts shown on the statements of net assets and the balance sheets as Cash and Investments represent cash on deposit in banks, petty cash, cash invested in various short-term instruments, and other investments of the State and its component units. Investments are stated at fair value, which approximates market value. Fair value is the amount at which an investment could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Investment purchases and sales are recorded on a trade-date basis.

Marketable debt securities are valued each business day using prices obtained from a pricing service when such prices are available; otherwise, such securities are valued at the most current sale price or based on a valuation provided by investment managers. The noninterest bearing deposits are reported at cost, which approximates fair value.

Domestic and international equity securities are valued each business day using prices obtained from a pricing service or prices quoted by one or more independent brokers.

Emerging markets securities are valued at their current market or fair values on the last business day of each month by the Trustee.

Private equity securities are valued periodically by the general partners. Underlying private equity investments that are listed on a national exchange are valued using quoted market prices. Securities for which there are not market quotations available are initially carried at original cost and subsequently valued at fair value as determined by the general partners. In determining fair value, the financial condition, operating results and projected operating cash flow of the underlying portfolio companies, prices paid in private sales of such securities, the nature and duration of restrictions on disposition of the securities, the expenses and delay that would be involved in registration, the price and extent of public trading in similar securities, the existence of merger proposals or tender offers affecting securities, reports prepared by analysts are considered as appropriate. Because of the inherent uncertainty of valuations, however, these estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and these differences could be material.

Absolute return investments are carried at fair value as determined by the pro-rata interest in the net assets of the underlying investment funds. These investment funds are valued periodically by the general partners and the managers of the underlying investments. The net asset value represents the amount that would be expected to be received if it were to liquidate its interests subject to liquidity or redemption restrictions. Because of the inherent uncertainty of valuations, however, these estimated values may differ significantly from the values that would have been used had a ready market for the securities existed, and these differences could be material.

The energy related investments consist primarily of loans and preferred stock that are valued at fair value.

Real estate, farmland, farmland waterway, and timber investments are valued quarterly by investment managers and are appraised annually by independent appraisers.

Real estate investment trust holdings are valued each business day using prices obtained from a pricing service.

Securities expressed in terms of foreign currencies are translated into U.S. dollars at the prevailing exchange rates. Forward currency contracts are valued at the mid-point of representative quoted bid and asked prices.

The Statement of Cash Flows for the enterprise funds shows changes in cash and cash equivalents. For the purpose of the Statement of Cash Flows, all highly liquid debt instruments with original maturities of three months or less are considered cash and cash equivalents. In addition, because the State's General Fund and Other Non-segregated Investment (GeFONSI) pool and the Short-term Fixed Income Pool operates as demand deposit accounts, amounts invested in the pools are classified as cash and cash equivalents. At June 30, 2010, the assets of the GeFONSI pool were comprised of shares in the Short-term Fixed Income Pool and shares in the Intermediate-term Fixed Income Pool.

RECEIVABLES

Receivables have been established and offset with proper provisions for estimated uncollectible accounts where applicable. The amount of noncurrent receivables is included in the fund balance reserve, which indicates they do not constitute expendable available financial resources and therefore are not available for appropriation.

Practically all accounts receivable of governmental funds are due from oil companies and governmental entities, primarily the federal government, and are considered collectible. Accounts receivable in other funds have arisen in the ordinary course of business.

INTER/INTRAFUND TRANSACTIONS

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

INVENTORIES

Inventories reported for the internal service funds and the General Fund consist mainly of consumable materials and supplies. Inventories are carried at cost (average cost for Highway Equipment Working Capital; first in first out (FIFO) for the General Fund), and are accounted for on the consumption method. However, the majority of materials and supplies for State agencies are accounted for as expenditures at the time of purchase. Inventory of the Alaska Aerospace Corporation and the University of Alaska are carried at the lower of cost or market. The Alaska Railroad Corporation carries their inventories at the lower of average cost or market.

CAPITAL ASSETS

Capital assets are reported in the Statement of Net Assets at cost or estimated historical cost. Donated capital assets are recorded at estimated fair market value at the time of donation including Statehood entitlement land that is carried at an estimated value of $1 per acre.

Capital assets are depreciated on the straight-line method over the estimated useful lives of the related assets.
All public domain infrastructure acquired by the State, such as highways, bridges, harbors, and rural airports, is capitalized.

The State possesses certain capital assets that have not been capitalized and depreciated because the assets cannot be reasonably valued and/or the assets have inexhaustible useful lives. These assets include the State's art collections, library reserve collections, and museum and historical collections. These assets are: held for public exhibition, education, or research rather than financial gain; protected, kept unencumbered, cared for, and preserved; and proceeds from the sale of collection items are used to acquire other items for collections.

Additional disclosures related to capital assets are provided in Note 5.

COMPENSATED ABSENCES

Regulations governing annual/personal leave (vacation pay) provide that State employees will receive time off, or pay, for hours accumulated. Consequently, a liability exists with respect to accumulated annual/personal leave at any given time. As of June 30, 2010, this liability is recognized and reported in the government-wide and proprietary fund financial statements.

The State's estimated liability for compensated absences, as reported in the government-wide Statement of Net Assets, is $154.1 million. There is no liability in the accompanying financial statements for unpaid accumulated sick leave. Accumulated sick leave may be used only for actual illness. When an employee separates from state service, any sick leave balance to their credit is reduced to zero without additional compensation to the employee. See Note 12 for disclosure of the amount of the sick leave contingency.

The cost of compensated absences (annual/personal leave and sick leave) for State employees is charged against agency appropriations when leave is used rather than when leave is earned, except for the payment of the accumulated annual/personal leave balance for an employee terminating from state service. That amount is charged to a terminal leave liability account rather than the individual agency appropriation. This liability account is funded by a charge to each agency's operating budget.

NET ASSETS / FUND BALANCE

The difference between fund assets and liabilities is "net assets" on the government-wide, proprietary, and fiduciary fund statements, and is "fund balance" on the governmental fund statements.

FUND BALANCE COMPONENTS

The fund balance amounts for governmental funds have been reclassified in accordance with GASB Statement No. 54. As a result, amounts previously reported as reserved and unreserved are now reported as nonspendable, restricted, committed, assigned, or unassigned.

- Nonspendable fund balance includes items that cannot be spent. This includes activity that is not in a spendable form (inventories, prepaid amounts, long-term portion of loans/notes receivable, or property held for resale unless the proceeds are restricted, committed or assigned) and activity that is legally or contractually required to remain intact, such as a principal balance in a permanent fund.

- Restricted fund balances have constraints placed upon the use of the resources either by an external party or imposed by law through a constitutional provision or enabling legislation.

- Committed fund balances can be used only for specific purposes pursuant to constraints imposed by a formal action of the Alaska Legislature, the State's highest level of decision-making authority. This formal action is the passage of law by the legislature, creating, modifying, or rescinding an appropriation.

- Assigned fund balance includes amounts that are constrained by the State's intent to be used for a specific purpose, but are neither restricted nor committed. For governmental funds, other than the General Fund, this is the residual amount within the fund that is not restricted or committed.

- Unassigned fund balance is the residual amount of the General Fund not included in the four categories described above. Also, any deficit fund balances within the other governmental fund types are reported as unassigned.

Each fund has been analyzed to classify the fund balance in accordance with GASB Statement No. 54. Funds are created by the Legislature and money is authorized to be transferred to the fund for a particular purpose. At this point, balances in these funds are at least committed, and may be further restricted depending on whether there is an external party, constitutional provision, or enabling legislation constraint involved.

The appropriated balance in the General Fund (fund 11100) is committed, and the remaining balance is unassigned. All other governmental funds, including subfunds of the General Fund are presented as restricted or committed, with the exception of the three subfunds of the General Fund, which are unassigned. The spendable portion of the Alaska Permanent Fund is classified as assigned.

The State of Alaska Constitution, Article 9, Section 13, states that "No money shall be withdrawn from the treasury except in accordance with appropriations made by law. No obligation for the payment of money shall be incurred except as authorized by law. Unobligated appropriations outstanding at the end of the period of time specified by law shall be void."

Appropriations formally approved by the Legislature are then forwarded to the Governor for action which either become law or vetoed.

Appropriations specify the funding source, and therefore the order in which restricted, committed, assigned, or unassigned fund balance gets spent.

Article 9, Section 17(d) of the Alaska Constitution, requires annual repayment from the General Fund and the subfunds of the General Fund for amounts borrowed from the Constitutional Budget Reserve Fund. To implement this provision, unassigned balances are used first, then committed balances. There are no assigned balances within the General Fund or subfunds.

The following shows the composition of the fund balance of the governmental funds for the fiscal year ended June 30, 2010 (in thousands):

	General	Permanent	Special Revenue	Debt Service	Capital Projects
Nonspendable:					
Compensating Balances	$ 190,000	$ -	$ -	$ -	$ -
Inventory	17,268	-	-	-	-
Principal	-	32,408,388	-	-	-
Advances and Prepaid Items	21,931	-	-	-	-
Total Nonspendable	229,199	32,408,388	-	-	-
Restricted:					
Debt Service	3,186	-	-	45,986	-
Education	11,371	-	6,188	-	9,605
Health & Human Services	513	-	17,301	-	-
Development	100,281	-	29,924	-	177,377
Other Purposes	4,028	-	147	-	-
Total Restricted	119,379	-	53,560	45,986	186,982
Committed					
Debt Service	9,000	-	-	-	-
Education	1,476,121	10,997	-	-	-
Health & Human Services	199,666	-	-	-	-
Public Protection	248,060	-	-	-	-
Permanent Fund	871,511	-	-	-	-
Development	1,855,427	-	407,646	-	-
Other Purposes	122,517	-	-	-	-
Total Committed	4,782,302	10,997	407,646	-	-
Assigned					
Permanent Fund	-	1,209,837	-	-	-
Total Assigned	-	1,209,837	-	-	-
Unassigned	10,405,256	-	-	-	-
Total Fund Balance	$15,536,136	$33,629,222	$ 461,206	$ 45,986	$186,982

RESTRICTED NET ASSETS

Permanent Funds

Restricted net assets for permanent funds are required to be identified as expendable or nonexpendable. All of the Alaska Permanent Fund restricted net assets ($32,045 million), $363 million of the Public School Trust Fund restricted net assets, and $330 million of the Alaska Mental Health Trust Authority (a discretely presented component unit) restricted net assets are nonexpendable. The remaining $11 million (three percent) of the Public School Trust Fund restricted net assets, and $89 million (21 percent) of the Alaska Mental Health Trust Authority restricted net assets are expendable.

Net Assets Restricted by Enabling Legislation

The government-wide statement of net assets reports $33.5 billion of restricted net assets for the primary government, of which $23.9 million is restricted by enabling legislation.

NOTE 2 – BUDGETING, BUDGETARY CONTROL, AND LEGAL COMPLIANCE

Once money received is deposited in the state treasury, it may not be withdrawn from the treasury except in accordance with an appropriation made by law. Those amounts received by component units are disbursed in accordance with their particular statutory authority.

The budgetary process is used to establish a balancing of estimated revenues coming into a fund with requested appropriations for that fund. Except for capital project funds, which prepare only project-length budgets, annual operating (and project-length) budgets are prepared for practically every fund and are submitted to the legislature for the enactment of appropriations. An appropriation is an authorization to spend money and to incur obligations. Each appropriation is limited as to purpose, time, and amount, and each of these limitations is legally binding. The legal level of budgetary control is maintained at the appropriation level as specified in the enabling legislation, which is generally at the program level within a department.

Appropriations as enacted by the legislature and signed by the governor are entered into the accounting records. The balance of an appropriation is reduced when funds are expended or encumbered. Appropriations are encumbered for anticipated expenditures in the form of purchase orders, contracts, and other obligations. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities. Unencumbered balances of annual appropriations lapse at the end of the fiscal year.

Expenditures of funds are made only upon properly approved requests for payment. The total of expenditures and encumbrances (obligations) may not exceed the appropriations to which they pertain. Transfers between appropriations are not authorized. Agencies faced with potential overexpenditure of appropriations must (1) reduce the rate of expenditures, (2) seek relief through supplemental appropriations, or (3) request necessary approvals to receive and expend additional funds. In order to provide sufficient funding for several programs during FY 10, supplemental appropriations within the operating and capital budgets were enacted. The total supplemental appropriations for the FY 10 operating budget of $241.8 million were enacted, of which $186.1 was appropriated from the General Fund, and $55.7 million was appropriated from federal funds. In addition, the total supplemental appropriations for the FY 10 capital budget of $624 million were enacted, of which $586.4 million was appropriated from the General Fund, $18.5 million was appropriated from other funds, and $19.1 million was appropriated from federal funds.

Governmental funds with annually approved budgets include the General Fund, Special Revenue Funds (with the exception of the Alaska Housing Capital Corporation, Northern Tobacco Securitization Corporation, and Reclamation Bonding Pool), and all Permanent Funds.

SPENDING LIMITS

In 1982, the voters of Alaska approved an amendment to the Alaska Constitution to control state spending. Article IX, section 16, establishes an annual appropriation limit of $2.5 billion plus adjustments for changes in population and inflation since July 1, 1981. Within this limit, one-third is reserved for capital projects and loan appropriations. For FY 10, the Office of Management and Budget estimated the limit to be approximately $8.6 billion. The FY 10 budget passed by the legislature and after vetoes was $5.5 billion (unrestricted General Fund revenues only), or $3.1 billion less than the constitutional spending limit.

CONSTITUTIONAL BUDGET RESERVE FUND

In 1990, the voters of Alaska approved an amendment to the Alaska Constitution to establish a budget reserve fund (CBRF). Article IX, section 17, states, in part, "…Except for money deposited into the permanent fund under Section 15 of this article, all money received by the State after July 1, 1990, as a result of the termination, through settlement or otherwise, of an administrative proceeding or of litigation in a state or federal court involving mineral lease bonuses, rentals, royalties, royalty

sale proceeds, federal mineral revenue sharing payments or bonuses, or involving taxes imposed on mineral income, production, or property, shall be deposited in the budget reserve fund. …"

The fund was established to enhance budget stability by depositing certain monies into the CBRF (where they could not be easily spent) rather than into the General Fund (where they would be readily available for appropriation for expenditure). Money may be appropriated from the fund in accordance with the provisions of section 17(b) and (c).

The constitution further provides that all money appropriated from the fund must be repaid to the fund. Section 17(d) states "If an appropriation is made from the budget reserve fund, until the amount appropriated is repaid, the amount of money in the General Fund available for appropriation at the end of each succeeding fiscal year shall be deposited in the budget reserve fund. The legislature shall implement this subsection by law."

The following is a schedule of amounts appropriated from the CBRF, and the amounts transferred back to the CBRF from the General Fund as provided in section 17(d). As can be seen from this schedule, the amount appropriated has been fully repaid as of June 30, 2010. The paragraphs following the schedule provide an explanation of the entries.

Chapter 14, SLA 1994, section 7	$ 1,006,038,474
Chapter 14, SLA 1994, section 8	49,608,135
Chapter 14, SLA 1994, section 9	368,581,990
Subtotal FY 94	1,424,228,599
Chapter 3, FSSLA 1994, section 39(c)	22,417,986
Chapter 3, FSSLA 1994, section 40	68,738,958
Chapter 3, FSSLA 1994, section 22(a)	11,250,000
Chapter 6, FSSLA 1994, section 1	130,300,000
Article IX, section 17(d) Alaska Constitution (FY 95)	(95,506,853)
Subtotal FY 95	137,200,091
Chapter 94, SLA 1995, section 43(a)	95,506,853
Chapter 94, SLA 1995, miscellaneous operating appropriation	8,356,516
Chapter 94, SLA 1995, section 43(b)	284,873,567
Article IX, section 17(d) Alaska Constitution (FY 96)	(74,352,026)
Subtotal FY 96	314,384,910
Chapter 94, SLA 1995, miscellaneous operating appropriation	8,316,412
Chapter 5, FSSLA 1996, section 1(a)	74,352,026
Article IX, section 17(d) Alaska Constitution (FY 97)	(166,019,445)
Subtotal FY 97	(83,351,007)
Chapter 98, SLA 1997, section 35(a)	166,019,445
Chapter 98, SLA 1997, page 47, line 3	529,258
Chapter 98, SLA 1997, section 35(b)	423,319,190
Article IX, section 17(d) Alaska Constitution (FY 98)	(89,264,067)
Subtotal FY 98	500,603,826
Chapter 139, SLA 1998, section 42(a)	89,264,067
Chapter 2, SLA 1999, section 16(c)	446,949
Chapter 27, SLA 1999, section 2(a), Y2K appropriations	2,336,290
Chapter 2, FSSLA 1999, section 21(a)	1,042,014,840
Article IX, section 17(d) Alaska Constitution (FY 99)	(94,632,453)
Subtotal FY 99	1,039,429,693

Chapter 2, SLA 1999, section 16(c)	13,051
Chapter 27, SLA 1999, section 2(a), Y2K appropriations	5,594,185
Chapter 84, SLA 1999, section 35(a)	94,632,453
Chapter 2, FSSLA 1999, section 21(b)	295,898,497
Chapter 8, SLA 2000, section 8(a)	3,227,666
Chapter 75, SLA 2000, section 1(b)	100,000,000
Article IX, section 17(d) Alaska Constitution (FY 00)	(111,438,806)
Subtotal FY 00	387,927,046
Chapter 133, SLA 2000, section 11(a)	111,438,806
Chapter 75, SLA 2000, section 1(c)	500,000
Chapter 135, SLA 2000, section 18(c)	121,672
Article IX, section 17(d) Alaska Constitution (FY 01)	(115,416,319)
Subtotal FY 01	(3,355,841)
Chapter 61, SLA 2001, section 93(a)	101,947,305
Chapter 61, SLA 2001, section 93(b)	884,311,765
Chapter 61, SLA 2001, section 93(c)	125,000
Article IX, section 17(d) Alaska Constitution (FY 02)	(130,695,249)
Subtotal FY 02	855,688,821
Chapter 1, SSSLA 2002, section 94(a)	130,695,249
Chapter 1, SSSLA 2002, section 94(b)	498,120,073
Chapter 1, SSSLA 2002, section 94(c)	121,425
Article IX, section 17(d) Alaska Constitution (FY 03)	(88,755,533)
Subtotal FY 03	540,181,214
Chapter 159, SLA 2004, section 61(a)	88,755,533
Chapter 159, SLA 2004, section 61(b)	10,784,830
Chapter 159, SLA 2004, section 61(c)	109,120
Article IX, section 17(d) Alaska Constitution (FY 04)	(94,626,898)
Subtotal FY 04	5,022,585
Chapter 159, SLA 2004, section 61(d)	94,626,898
Chapter 159, SLA 2004, section 61(e)	34,922,767
Chapter 159, SLA 2004, section 61(f) and Chapter 6, SLA 2005, section 17(a)	125,940
Article IX, section 17(d) Alaska Constitution (FY 05)	(85,513,723)
Subtotal FY 05	44,161,882
Chapter 3, FSSLA 2005, section 61(a)	85,513,723
Chapter 6, SLA 2005, section 17(a)	24,060
Chapter 3, FSSLA 2005, section 61(c)	167,000
Article IX, section 17(d) Alaska Constitution (FY 06)	(156,696,777)
Subtotal FY 06	(70,991,994)
Chapter 82, SLA 2006, section 63(a)	156,696,777
Chapter 82, SLA 2006, section 63(b)	117,761
Chapter 30, SLA 2007, section 57	(50,000,000)
Article IX, section 17(d) Alaska Constitution (FY 07)	(416,165,110)
Subtotal FY 07	(309,350,572)
Chapter 28, SLA 2007, section 31(a)	416,165,110
Chapter 28, SLA 2007, section 31(c) and Chapter 29, SLA 2008, section 72(b)	466,868
Chapter 29, SLA 2008, section 72(a)	(400,000,000)
Chapter 11, SLA 2008, section 33(a)	(2,600,000,000)

Article IX, section 17(d) Alaska Constitution (FY 08)	(2,048,318,120)
Subtotal FY 08	(4,631,686,142)
Chapter 27, SLA 2008, section 28(a)	1,466,159,407
Chapter 27, SLA 2008, section 28(c) and Chapter 29, SLA 2008, section 72(c)	1,239,870
Chapter 27, SLA 2008, section 28(e)	(1,000,000,000)
Article IX, section 17(d) Alaska Constitution (FY 09)	(617,492,388)
Subtotal FY 09	(150,093,111)
Chapter 12, SLA 2009, section 27(a)	401,616,586
Chapter 13, SLA 2010, section 19(a)	(401,617,307)
Chapter 27, SLA 2008, section 28(c) and Chapter 29, SLA 2008, section 72(c)	721
Subtotal FY 10	0
Total appropriated from the CBRF	$ 0

The amounts appropriated in chapter 14, SLA 1994, sections 7 and 8 are equal to the amounts appropriated from the general fund to the CBRF to comply with court orders. In FY 91 through FY 94, the State deposited revenue into the general fund that several parties contended should have been deposited into the CBRF. The Alaska Superior Court and Supreme Court agreed that these monies should have been deposited in the CBRF and the State was ordered to restore the CBRF, including interest earnings, retroactive to July 1, 1990. Chapter 14, SLA 1994, was enacted into law to comply with the courts' orders and sections 2, 3, and 4 of the law appropriated $1,006,038,474, plus $49,608,135 in interest which would have been earned on the money after June 30, 1990, from the general fund to the CBRF effective April 15, 1994.

Chapter 14, SLA 1994, section 9, chapter 3 FSSLA 1994, section 39(c), chapter 94 SLA 1995, section 43(b), chapter 98 SLA 1997, section 35(b), chapter 2 FSSLA 1999, section 21(a) and (b), chapter 61 SLA 2001, section 93(b), chapter 1, SSSLA 2002, section 94(b), chapter 159 SLA 2004, section 61(b), and chapter 159 SLA 2004, section 61(e), appropriated additional amounts from the CBRF to the general fund to fund any shortfalls between state revenue and general fund appropriations for fiscal years 1994, 1995, 1996, 1998, 1999, 2000, 2002, 2003, 2004 and 2005 respectively.

Chapter 3, FSSLA 1994, section 40, appropriated an amount to cover the share of the State's actual expenditures for oil and gas litigation from July 1, 1990, through February 15, 1994, that is attributable to the CBRF. The appropriation in section 22(a) of chapter 3 was to cover costs related to legal proceedings and audit activity involving oil and gas revenue due or paid to the State or state title to oil and gas land, for the fiscal year ending June 30, 1995.

Chapter 6, FSSLA 1994, section 1, was passed by the Alaska Legislature to resolve the long-standing issue of reconstitution of the Alaska Mental Health Trust Authority (AMHTA). CBRF funds were appropriated to capitalize the AMHTA.

This schedule shows the effect of article IX, section 17(d), of the Alaska Constitution, which provides that the amount of money in the general fund available for appropriation at the end of each succeeding fiscal year shall be deposited in the budget reserve fund until the amount appropriated is repaid. As of June 30, 1995, 1996, 1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009 and 2010, amounts in various subfunds and accounts of the general fund that were identified as available for appropriation were used to repay a part of the liability to the CBRF. The amounts for FY 95, FY 96, FY 97, FY 98, FY 99, FY 00, FY 01, FY 02, FY 03, FY 04, FY 05, FY 06, FY 07, FY 08 and FY 09 were transferred to the CBRF during FY 96, FY 97, FY 98, FY 99, FY 00, FY 01, FY 02, FY 03, FY 04, FY 05, FY 06, FY 07, FY 08, FY 09 and FY 10 respectively.

The amounts transferred under article IX, section 17(d), were appropriated back to the funds from which transferred under chapter 94, SLA 1995, section 43(a) for FY 95, chapter 5, FSSLA 1996, section 1(a) for FY 96, chapter 98, SLA 1997, section 35(a) for FY 97, chapter 139, SLA 1998, section 42(a) for FY 98, chapter 84, SLA 1999, section 35(a) for FY 99, chapter 133, SLA 2000, section 11(a) for FY 00, chapter 61, SLA 2001, section 93(a) for FY 01, chapter 1, SSSLA 2002, section 94(a) for FY 02, chapter 159, SLA 2004, section 61(a) for FY 03, chapter 159, SLA 2004, section 61(d) for FY 04, chapter 3, FSSLA 2005, section 61(a) for FY 05, chapter 82, SLA 2006, section 63(a) for FY 06, chapter 28 SLA 2007, section 31 (a) for FY 07, chapter 27, SLA 2008, section 28(a) for FY 08 and chapter 12, SLA 2009, section 27(a) for FY 09.

Chapter 94, SLA 1995, appropriated amounts from the CBRF to fund miscellaneous operating appropriations.

Chapter 98, SLA 1997, Page 47, line 3, chapter 2, SLA 1999, section 16(c), chapter 135, SLA 2000, section 18(c), chapter 61, SLA 2001, section 93(c), chapter 1, SSSLA 2002, section 94(c), chapter 159, SLA 2004, section 61(c), chapter 159, SLA 2004, section 61(f), chapter 6, SLA 2005, section 17(a), chapter 3, FSSLA 2005, section 61(c), chapter 82, SLA 2006, sec 63(b), chapter 28, SLA 2007, section 31(c), chapter 29, SLA 2008, section 72(b), chapter 27, SLA 2008, section 28(c) and chapter 29, SLA 2008, section 72 (c) appropriated amounts from the CBRF for treasury management of CBRF investments in FY 98, FY 99, FY 01, FY 02, FY 03, FY 04, FY 05, FY 06, FY 07, FY 08 and FY 09 respectively.

Chapter 27, SLA 1999, section 2(a) appropriated funds from the CBRF for year 2000 (Y2K) assessment, compliance, and remediation projects.

Chapter 8, SLA 2000, section 8(a), repealed and reappropriated the unexpended and unobligated balances of the CBRF appropriations made in section 2(a), chapter 27, SLA 1999, page 2, line 3, page 3, line 31, page 4, line 17, and page 4, line 20, to the longevity bonus grant program.

Chapter 75, SLA 2000, section 1(b) appropriated funds from the CBRF to the power cost equalization endowment fund, which is within the Alaska Energy Authority. Chapter 75, SLA 2000, section 1(c) also appropriated funds from the CBRF to the Alaska Energy Authority to cover the costs of completing the sale of the four dam pool hydroelectric project and of establishing and managing the power cost equalization endowment fund for FY 01.

Chapter 30, SLA 2007, section 57 appropriated $50,000,000 from the General Fund to the CBRF in FY 07. Chapter 29, SLA 2008, section 72(a) appropriated $400,000,000 from the General Fund to the CBRF and Chapter 11, SLA 2008, section 33(a) appropriated $2,600,000,000 from the General Fund to the CBRF in FY 08. Chapter 27, SLA 2008, section 28(e) appropriated $1,000,000,000 from the General Fund to the CBRF in FY 09. Chapter 13, SLA 2010, section 19(a) appropriated $401,617,307 from the General Fund to the CBRF in FY 10. These appropriations reduced the General Fund long-term liability to the CBRF.

NOTE 3 – ACCOUNTING CHANGES AND BEGINNING FUND BALANCE / NET ASSETS ADJUSTMENT

Adoption of New Accounting Pronouncements and Restatements

The change displayed as change in accounting standards in the financial statements is listed below.

Governmental Accounting Standards Board Statement Number 53

Alaska Housing Finance Corporation

During the fiscal year ended June 30, 2010, the State adopted Governmental Accounting Standards Board Statement (GASBS) 53, Accounting and Financial Reporting for Derivative Instruments. The Alaska Housing Finance Corporation (AHFC) reported derivatives. Pursuant to this Statement, AHFC evaluated its derivative instruments to be either hedgeable or non-hedgeable. The SC02B interest rate swap was determined to be non-hedgeable at June 30, 2009. According to the Statement, the fair value at June 30, 2009 of any derivative instrument that was non-hedgeable at that date would be reported as a restatement of beginning net assets. The negative fair value of the SC02B swap at June 30, 2009 was $1,574 thousand, the cumulative effect of the accounting change.

Governmental Accounting Standards Board Statement Number 45

Alaska Railroad Corporation

Effective January 1, 2009, the defined benefit pension and postretirement plans changed valuation methods. The plans changed from valuing assets at market value without smoothing of gains and losses (market value of assets) to a five-year smoothing asset valuation method (actuarial value of assets). Under the new method, at the end of each plan year, an expected investment return is calculated based on the plan valuation rate and the sum of the previous year's market value of assets plus net cash flow during the plan year; the actuarial investment gain or (loss) is determined as the excess or (deficiency) of the actual investment return over the expected investment return for the plan year; and the actuarial investment gain or (loss) so determined is amortized over five years. The actuarial asset value is the sum of the prior year's

actuarial asset value, plus the expected return for the plan year, adjusted for the amortization of actuarial investment gains and losses during the current and the preceding four plan years, plus net cash flow for the plan year. The ARRC's annual required contribution to the plans and the associated expense recorded are calculated based on actuarial asset value. Using the actuarial value of the assets for this calculation, rather than the market value of the assets, results in lower volatility of the annual required contribution and associated expense.

The new valuation method was considered preferable because the goal of an asset valuation method is to produce a relatively stable asset value thereby reducing year-to-year volatility in annual contribution requirements. The actuarial value of the assets avoids fluctuating gains and losses which have no long-term significance on the annual valuations. The new valuation method is consistent with GASB Statements No. 27 and 45. The impact of adopting this accounting change for the year ended December 31, 2009 was to reduce the annual required contribution for the defined benefit pension plan from $3,335 thousand to $1,857 thousand, and the associated expense from $2,708 thousand to $1,509 thousand; and to reduce the annual required contribution for the postretirement plan from $3,181 thousand to $2,719 thousand, and the associated expense from $2,271 thousand to $1,942 thousand. This change in accounting principle decreased the unfunded actuarial accrued liability for the defined benefit pension plan by $16,618 thousand and the postretirement plan by $8,415 thousand as of January 1, 2009, which is reflected as an other change in fund equity.

NOTE 4 – DEPOSIT AND INVESTMENT RISK

Deposits and investments may be exposed to various types of risks. These risks are interest rate risk, credit risk, custodial credit risk, concentration of credit risk, and foreign currency risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Custodial credit risk is the risk that deposits may not be returned in the event of a bank failure. Concentration of credit risk is the risk of loss attributed to the magnitude of an investment in a single issuer. Foreign currency risk is the risk that changes in exchange rates will adversely impact the fair value of an investment.

A. DEPOSITS AND INVESTMENTS UNDER THE FIDUCIARY RESPONSIBILITY OF THE COMMISSIONER OF REVENUE

By law, all deposits and investments are under the fiduciary responsibility of the Commissioner of the Department of Revenue (Commissioner) except where the legislature has delegated that responsibility to other entities or boards responsible for separate subdivisions or component units of the State. Those agencies and component units that manage their own cash and investments are: Alaska Permanent Fund Corporation, Alaska Energy Authority, Alaska Housing Finance Corporation, Alaska Industrial Development and Export Authority, Alaska Municipal Bond Bank Authority, Alaska Railroad Corporation, Alaska Mental Health Trust Authority, Alaska Student Loan Corporation, Alaska Retirement Management Board, Exxon Valdez Oil Spill Trustee Council, and the University of Alaska

Invested assets under the fiduciary responsibility of the Commissioner are comprised of the General Fund and Other Non-segregated Investments, Constitutional Budget Reserve Fund, International Airports Fund, Retiree Health Insurance Fund, Power Cost Equalization Endowment Fund, General Obligation Bond Fund, Mine Reclamation Trust Fund, Alaska Sport Fish Construction Fund as well as the Public School, Alaska Children's, and Investment Loss trust funds (all collectively, Funds).

As the fiduciary, the Commissioner has the statutory authority (AS 37.10.070 - 37.10.071) to invest the assets under the Prudent Investor Rule which requires that investments shall be made with the judgment and care under circumstances then prevailing that an institutional investor of ordinary professional prudence, discretion, and intelligence exercises in managing large investment portfolios.

The Department of Revenue, Treasury Division (Treasury) has created a pooled environment by which it manages the investments the Commissioner has fiduciary responsibility for. Actual investing is performed by investment officers in Treasury or by contracted external investment managers. Specifically, the Tobacco Revenue Fixed Income, Domestic Equity, International Equity and the Emerging Income Plus Debt Pools are managed externally. Treasury manages the Short-term Fixed Income Pool, Non-interest Bearing Deposits, Intermediate-term Fixed Income Pool, U.S. Treasury Fixed Income Pool, and the Broad Market Fixed Income Pool, in addition to acting as oversight manager for all externally managed investments.

Additional information related to the various pools and investments is disclosed in the financial schedules issued by the Department of Revenue, Treasury Division. These financial schedules are available through the Department of Revenue, Treasury Division, P.O. Box 110405, Juneau, Alaska 99811-0405 or at http://www.revenue.state.ak.us/treasury.

Deposits and investments at June 30, 2010, are as follows:

	Fair Value (in thousands)						
Investment Type	Short-term Fixed Income Pool	Intermediate-term Fixed Income Pool	Broad Market Fixed Income Pool	U.S. Treasury Fixed Income Pool	Tobacco Revenue Fixed Income	Other	Total
Commercial Paper	$ 266,996	$ -	$ -	$ -	$ -	$ -	$ 266,996
Corporate Bonds	2,501,043	933,067	548,992	17,405	-	-	4,000,507
Deposits	(10,062)	-	-	-	-	231,728	221,666
Money Market	-	-	-	-	50,446	-	50,446
Mortgage-backed	42,129	388,425	994,759	-	-	-	1,425,313
Municipal Bonds	-	-	922	-	-	-	922
Mutual Fund	-	-	-	-	-	49,680	49,680
Other Asset-backed	1,173,691	10,565	56,843	-	-	-	1,241,099
Short-term Investment Fund	-	-	-	-	-	7,969	7,969
U.S. Government Agency	354,920	691,103	100,676	10,157	-	-	1,156,856
U.S. Government Agency Discount Notes	-	149,670	-	-	-	-	149,670
U.S. Treasury Bills	649,751	-	-	-	-	-	649,751
U.S. Treasury Bonds	-	-	143,672	18,062	-	-	161,734
U.S. Treasury Notes	-	2,035,907	600,586	137,332	-	-	2,773,825
U.S. Treasury When-Issued	99,963	2,643,870	-	-	-	-	2,743,833
Yankees:							
Government	-	58,811	28,336	1,025	-	-	88,172
Corporate	70,033	240,269	95,689	-	-	-	405,991
ACPE General Fund Loan	-	-	-	-	-	63,000	63,000
Emerging Debt	-	-	-	-	-	87,327	87,327
Domestic Equity	-	-	-	-	-	2,337,154	2,337,154
International Equity	-	-	-	-	-	974,133	974,133
Total Invested Assets	5,148,464	7,151,687	2,570,475	183,981	50,446	3,750,991	18,856,044
Pool related net assets (liabilities)	(5,783)	(164,770)	(227,636)	(14,297)	-	1,439	(411,047)
Net Invested Assets before earnings distribution to participants	5,142,681	6,986,917	2,342,839	169,684	50,446	3,752,430	18,444,997
Earnings payable to participants	(4,521)	-	-	-	-	-	(4,521)
Other pool ownership	(629,846)	278,512	336,257	15,077	-	-	-
Ownership under other fiduciary responsibility							
Alaska Retirement Management Board	(353,004)	-	-	-	-	-	(353,004)
Exxon Valdez Oil Spill Trustee Council	-	-	(49,957)	-	-	(112,527)	(162,484)
University of Alaska	-	-	-	-	-	(97,162)	(97,162)
Alaska Student Loan Corporation	-	(11,117)	-	-	-	-	(11,117)
Alaska Mental Health Trust Authority	(3,529)	-	(10,177)	-	-	(21,069)	(34,775)
Total Invested Assets	$ 4,151,781	$ 7,254,312	$ 2,618,962	$ 184,761	$ 50,446	$ 3,521,672	$ 17,781,934

Interest Rate Risk

Short-term Fixed Income Pool

As a means of limiting its exposure to fair value losses arising from increasing interest rates, Treasury's investment policy limits individual fixed rate securities to fourteen months to maturity or fourteen months expected average life upon purchase. Floating rate securities are limited to three years to maturity or three years expected average life upon purchase. Treasury utilizes the actual maturity date for commercial paper and twelve-month prepay speeds for other securities. At June 30, 2010, the expected average life of individual fixed rate securities ranged from one day to twenty-nine years and the expected average life of floating rate securities ranged from one day to nine and three-quarters years.

Duration is a measure of interest rate risk. It measures a security's sensitivity to a 100-basis point change in interest rates. The duration of a pool is the average fair value weighted duration of each security in the pool taking into account all related cash flows.

Treasury uses industry-standard analytical software developed by The Yield Book Inc. to calculate effective duration. The software takes into account various possible future interest rates, historical and estimated prepayment rates, call options and other variable cash flows for purposes of the effective duration calculation.

Intermediate-term and Broad Market and Conservative Broad Market Fixed Income Pools

Through its investment policy, Treasury manages its exposure to fair value losses arising from increasing interest rates by limiting the effective duration of its other fixed income pool portfolios to the following:

Intermediate-term Fixed Income Pool - ± 20% of the Merrill Lynch 1-5 year Government Bond Index. The effective duration for the Merrill Lynch 1-5 year Government Bond Index at June 30, 2010 was 2.49 years.

Broad Market Fixed Income Pool - ± 20% of the Barclays Capital U.S. Aggregate Bond Index. The effective duration for the Barclays Capital U.S. Aggregate Bond Index at June 30, 2010 was 4.30 years.

U.S. Treasury Fixed Income Pool - ± 20% of the Barclays Capital U.S. Aggregate Treasury Index. The effective duration for the Barclays Capital U.S. Aggregate Treasury Index at June 30, 2010, was 5.27 years.

At June 30, 2010, the effective duration by investment type was as follows:

	Effective Duration (in years)		
	Intermediate-term Fixed Income Pool	Broad Market Fixed Income Pool	U.S. Treasury Fixed Income Pool
Corporate Bonds	2.24	6.18	2.01
Municipal Bonds	-	12.56	-
Mortgage-backed	1.71	2.70	-
Other Asset-backed	0.65	3.10	-
U.S. Treasury Bonds	-	9.94	8.34
U.S. Treasury Notes	2.91	4.37	3.60
U.S. Treasury When-Issued	2.73	-	-
U.S. Government Agency	1.69	4.74	4.70
U.S. Government Agency Discount Notes	0.67	-	-
Yankees:			
Government	2.65	5.32	-
Corporate	1.87	4.95	4.29
Portfolio Effective Duration	2.47	4.29	3.97

Other Fixed Income

The Tobacco Revenue Fixed Income securities are invested accordingly to the terms of the related bond indentures. The respective bond indentures do not establish policy with regard to interest rate risk.

Credit Risk

Treasury's investment policy has the following limitations with regard to credit risk:

Short-term Fixed Income Pool investments are limited to instruments with a long-term credit rating of at least A3 or equivalent and instruments with a short-term credit rating of at least P-1 or equivalent. Asset-backed and non-agency mortgage securities must be rated A3 or equivalent. The A3 rating is defined as the median rating of the following three rating agencies: Standard & Poor's Corporation, Moody's and Fitch. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA.

Intermediate-term and Broad Market Fixed Income Pool investments are limited to securities with a long-term credit rating of at least Baa3 or equivalent and securities with a short-term credit rating of at least P-1 or equivalent. Asset-backed and non-agency mortgage securities must be rated investment grade. The investment grade rating is defined as the median rating of the following three rating agencies: Standard & Poor's Corporation, Moody's and Fitch. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA.

In the U.S. Treasury Fixed Income Pool commercial paper must be rated at least P-1 by Moody's and A-1 by Standard and Poor's Corporation. In addition, corporate, asset-backed and non-agency mortgage securities must be rated investment grade. The investment grade rating is defined as the median rating of the following three rating agencies: Standard & Poor's Corporation, Moody's and Fitch. In addition, asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA. Corporate bonds may be purchased if rated by two of these agencies.

The Commissioner does not have policies with regard to credit risk in the SSgA Russell 3000 and SSgA MSCI EAFE Index Common Trust Funds (Trusts).

The bond indentures governing the investment of tobacco revenue related bond proceeds limit the investment in commercial paper to only those securities rated A-1 or equivalent. At June 30, 2010, the Tobacco Revenue Fixed Income Securities consisted of commercial paper rated A-1.

At June 30, 2010, the State's internally managed Pools consisted of investments with credit quality ratings issued by nationally recognized statistical rating organizations as follows (using Standard and Poor's Corporation rating scale):

Investment Type	Rating	Short-term Fixed Income Pool	Intermediate-term Fixed Income Pool	Broad Market Fixed Income Pool	U.S. Treasury Pool
Commercial Paper	A-1	1.17%	-	-	-
Commercial Paper	Not Rated	4.03%	-	-	-
Corporate Bonds	AAA	41.70%	6.53%	1.89%	9.42%
Corporate Bonds	AA	1.88%	1.78%	3.11%	-
Corporate Bonds	A	3.74%	2.90%	8.87%	-
Corporate Bonds	BBB	-	1.12%	6.47%	-
Corporate Bonds	Not Rated	1.35%	0.51%	0.15%	-
Mortgage-backed	AAA	0.79%	4.51%	26.52%	-
Mortgage-backed	AA	-	0.05%	1.02%	-
Mortgage-backed	A	-	-	0.04%	-
Mortgage-backed	BBB	-	0.20%	0.16%	-
Mortgage-backed	Not Rated	0.03%	0.58%	9.41%	-
Municipal Bonds	AA	-	-	0.03%	
Other Asset-backed	AAA	21.16%	0.05%	1.74%	-
Other Asset-backed	AA	-	0.03%	0.05%	-
Other Asset-backed	A	-	0.06%	0.08%	-
Other Asset-backed	BBB	-	-	0.05%	-
Other Asset-backed	Not Rated	1.68%	-	0.19%	-
U.S. Government Agency	AAA	1.07%	9.47%	3.61%	5.50%
U.S. Government Agency	Not Rated	5.84%	0.04%	0.14%	-
U.S. Government Agency Discount Notes	Not Rated	-	2.06%	-	-
U.S. Treasury Bills	AAA	12.65%	-	-	-
U.S. Treasury Bonds	AAA	-	-	5.36%	9.78%
U.S. Treasury Notes	AAA	-	28.02%	22.43%	74.33%
U.S. Treasury When-Issued	AAA	1.95%	36.40%	-	-
Yankees:					
Government	AAA	-	0.07%	0.47%	-
Government	AA	-	0.74%	0.34%	0.55%
Government	BBB	-	-	0.24%	-
Corporate	AAA	0.58%	1.81%	0.65%	-
Corporate	AA	0.20%	0.91%	0.51%	-
Corporate	A	-	0.46%	1.31%	-
Corporate	BBB	-	0.08%	1.11%	-
Corporate	Not Rated	0.58%	0.05%	-	-
No Credit Exposure		-0.40%	1.57%	4.05%	0.42%
		100.00%	100.00%	100.00%	100.00%

Custodial Credit Risk – Deposits

Treasury's policy with regard to custodial credit risk is to collateralize state deposits to the extent possible. The bond indentures governing the investment of tobacco revenue related bond proceeds, does not establish policy with regard to custodial credit risk. At June 30, 2010, the State had the following uncollateralized and uninsured deposits:

	Amount (in thousands)
International Equity Pool	$ 234

Concentration of Credit Risk

At June 30, 2010, the funds invested in the Intermediate-term Fixed Income Pool, Broad Market Fixed Income Pool, and U.S. Treasury Pool had more than five percent of their State's investments in Federal Home Loan Mortgage Corporation, Federal National Mortgage Association, Federal Home Loan Bank, and Resolution Funding Corporation as follows:

	Fair Value (in thousands)	Percent of Total Pool Investments
Short-term Fixed Income Pool		
International Bank for Reconstruction & Development	$ 329,956	6%
Intermediate-term Fixed Income Pool		
Federal National Mortgage Association	718,280	10%
Broad Market Fixed Income Pool		
Federal National Mortgage Association	792,540	30%

International Bank for Reconstruction & Development and Federal National Mortgage Association securities are not classified as corporate bonds, are backed by the full faith and credit of the U.S. Government and therefore may be held in higher concentration.

Foreign Currency Risk

The Commissioner of Revenue formally adopts asset allocation policies for each fund at the beginning of each fiscal year some of which places policy limitations on the amount of international securities each fund is allowed to hold. The following policies were in place during FY 10 and invested assets included the following holdings at June 30, 2010, for the funds invested in the International Equity Pool:

	Policy	Actual
Alaska Children's Trust Fund	15% ± 5%	15.86%
Constitutional Budget Reserve Fund, Subaccount	20% ± 5%	19.69%
Exxon Valdez Settlement Investments	23% ± 5%	23.70%
Mental Health Trust Reserve	21% ± 5%	21.75%
Power Cost Equalization Endowment Fund	20% ± 5%	19.29%
Retiree Health Insurance Fund, Long Term Care	23% ± 4%	22.17%

At June 30, 2010, the funds invested in the International Equity Pool had exposure to foreign currency risk as follows:

Currency	Fair Value (in thousands)
Deposits:	
Euro Currency	$ 3
Japanese Yen	230
	233
Investments - International Equity:	
Australian Dollar	1,921
Canadian Dollar	5,248
Danish Krone	2,389
Euro	45,991
Hong Kong Dollar	6,211
Japanese Yen	47,651
Norwegian Krone	1,654
Pound Sterling	59,301
Singapore Dollar	2,225
Swiss Franc	20,042
	192,633
Total	$ 192,866

Foreign Exchange, Foreign Exchange Contracts and Off-Balance Sheet Risk

The Commissioner is exposed to credit risk on investment derivative instruments that are in asset positions. The Commissioner has no policy of requiring collateral or other security to support derivative instruments subject to credit risk. Additionally, the Commissioner has no policy regarding entering into netting arrangements when it enters into derivative instrument transactions with a counterparty, nor does the Commissioner have a policy for contingencies. The International Equity Pool investment includes the following income from forward contracts at June 30, 2010 (in thousands):

Net Realized Gain on Foreign currency	$ 3,158
Net Realized Gain on Foreign Exchange Contracts	49

The International Equity Pool includes foreign currency forward contracts to buy and sell specified amounts of foreign currencies at specified rates on specified future dates for the purpose of hedging existing security positions. The counterparties to the foreign currency forward contracts consist of a diversified group of financial institutions. Credit risk exposure exists to the extent of non-performance by these counterparties; however, the risk of default is considered to be remote. The market risk is limited to the difference between contractual rates and forward rates at the balance sheet date. At June 30, 2010, the International Equity Pool had no outstanding contracts.

B. DEPOSITS AND INVESTMENTS UNDER CONTROL OF THE ALASKA RETIREMENT MANAGEMENT BOARD

Invested assets of the pension (and other employee benefit) trust funds (Public Employees', Teachers', Judicial, and the Alaska National Guard and Naval Militia Retirement Systems) as well as the Supplemental Benefits System and Deferred Compensation Plans are under the fiduciary responsibility of the Alaska Retirement Management Board (ARMB).

PENSION FUNDS

The ARMB has statutory responsibility (AS 37.10.210-390) for the pension (and other employee benefit) trust funds' investments (Pension Funds). Alaska Statute 37.10.071 provides that investments shall be made with the judgment and care under circumstances then prevailing that an institutional investor of ordinary professional prudence, discretion and intelligence exercises in managing large investment portfolios.

The Department of Revenue, Treasury Division (Treasury) provides staff for the ARMB. Treasury has created a pooled environment by which it manages investments of the ARMB. Additionally, Treasury manages a mix of Pooled Investment Funds and Collective Investment Funds for the Defined Contribution Retirement Participant Directed Pension Plan under the ARMB's fiduciary responsibility.

Actual investing is performed by investment officers in Treasury or by contracted external investment managers. The ARMB has developed investment guidelines, policies and procedures for Treasury staff and external investment managers to adhere to when managing investments. Specifically, the High Yield Pool, International Fixed Income Pool, Emerging Markets Debt Pool, Large Cap Domestic Equity Pool, Small Cap Domestic Equity Pool, Convertible Bond Pool, International Equity Pool, Emerging Markets Equity Pool, Private Equity Pool, Absolute Return Pool, Real Estate Pool, Energy Pool, Farmland Pool, Farmland Water Pool, Timber Pool, Pooled Participant Directed Investment Funds, and Collective Investment Funds are managed by external management companies. Treasury manages the Alaska Retirement Fixed Income Pool, U.S. Treasury Fixed Income Pool, Real Estate Investment Trust Pool, Treasury Inflation Protected Securities Pool and cash holdings of certain external managers in addition to acting as oversight manager for all externally managed investments.

The Short-term Fixed Income Pool is a State pool managed by Treasury that holds investments on behalf of the ARMB as well as other state funds.

Additional information related to the various pools and investments is disclosed in the financial schedules issued by the ARMB. These financial schedules are available through the Department of Revenue, Treasury Division, P.O. Box 110405, Juneau, Alaska 99811-0405 or at http://www.revenue.state.ak.us/treasury.

Deposits and investments at June 30, 2010 are as follows:

	Fair Value (in thousands)				
	Fixed Income Pools				
	Short-term	Retirement	U.S. Treasury	High Yield	International
Bridge Loans	$ -	$ -	$ -	$ 533	$ -
Commercial Paper	17,917	-	-	-	-
Convertible Bonds	-	-	-	1,728	-
Corporate Bonds	167,836	259,702	10,133	308,220	-
Deposits	(675)	-	-	-	209
Foreign Corporate Bonds	-	-	-	-	71,740
Foreign Government Bonds	-	-	-	-	124,622
Mortgage-backed	2,827	379,984	-	-	-
Mortgage-backed TBA	-	124,612	-	-	-
Mutual Funds	-	-	-	-	-
Other Asset-backed	78,763	3,827	-	529	-
Overnight Sweep Account (Imcs)	-	-	-	11,237	-
Short-term Investment Fund	-	-	-	-	926
U.S. Government Agency	23,818	7,167	-	-	-
U.S. Treasury Bills	43,603	-	-	-	-
U.S. Treasury Bills When-Issued	6,708	-	-	-	-
U.S. Treasury Bonds	-	72,954	57,285	-	-
U.S. Treasury Notes	-	207,031	486,796	-	-
U.S. Treasury Notes When Issued	-	224,065	88,632	-	-
U.S. Treasury TIP Bonds	-	-	-	-	-
U.S. Treasury TIP Notes	-	-	-	-	-
Yankees:					
Corporate	4,700	-	-	-	-
Government	-	1,419	-	-	-
Fixed Income Pools:					
Equity	-	-	-	425	-
Warrants	-	-	-	26	-
Emerging Markets Debt Pool	-	-	-	-	-
Broad Domestic Equity Pools:					
Convertible Bonds	-	-	-	-	-
Equity	-	-	-	-	-
Limited Partnership	-	-	-	-	-
Treasury Bills	-	-	-	-	-
International Equity Pool:					
Convertible Bonds	-	-	-	-	-
Corporate Bonds	-	-	-	-	-
Equity	-	-	-	-	-
Rights	-	-	-	-	-
Warrants	-	-	-	-	-
Emerging Markets Equity Pool	-	-	-	-	-
Private Equity Pool:					
Limited Partnerships	-	-	-	-	-
Absolute Return Pool:					
Limited Partnerships	-	-	-	-	-
Real Estate Pool:					
Commingled Funds	-	-	-	-	-
Limited Partnerships	-	-	-	-	-
Real Estate	-	-	-	-	-
Real Estate Investment Trust Pool:					
Equity	-	-	-	-	-
Energy Pool:					
Limited Partnerships	-	-	-	-	-
Farmland Pool:					
Agricultural Holdings	-	-	-	-	-
Farmland Water Pool:					
Agricultural Holdings	-	-	-	-	-
Timber Pool:					
Timber Holdings	-	-	-	-	-
Participant Directed:					
Collective Investment Funds	-	-	-	-	-
Pooled Investment Funds	-	-	-	-	-
Net Other Assets/(Liabilities)	(574)	(100,650)	(6,268)	5,718	2,468
Other Pool Ownership	(204,545)	135,393	26,231	-	-
Total Invested Assets	$ 140,378	$ 1,315,504	$ 662,809	$ 328,416	$ 199,965

This table continued on the next page.

Deposits and investments at June 30, 2010 are as follows (continued):

	Fair Value (in thousands)			
	Fixed Income Pools			
	Convertible	TIPS	Other	Total
Bridge Loans	$ -	$ -	$ -	$ 533
Commercial Paper	-	-	-	17,917
Convertible Bonds	-	-	-	1,728
Corporate Bonds	-	-	-	745,891
Deposits	-	-	32,288	31,822
Foreign Corporate Bonds	-	-	-	71,740
Foreign Government Bonds	-	-	-	124,622
Mortgage-backed	-	-	-	382,811
Mortgage-backed TBA	-	-	-	124,612
Mutual Funds	-	-	98,416	98,416
Other Asset-backed	-	-	-	83,119
Overnight Sweep Account (Imcs)	652	-	-	11,889
Short-term Investment Fund	-	-	15,203	16,129
U.S. Government Agency	-	-	-	30,985
U.S. Treasury Bills	-	-	-	43,603
U.S. Treasury Bills When-Issued	-	-	-	6,708
U.S. Treasury Bonds	-	-	-	130,239
U.S. Treasury Notes	-	-	-	693,827
U.S. Treasury Notes When Issued	-	-	-	312,697
U.S. Treasury TIP Bonds	-	27,090	-	27,090
U.S. Treasury TIP Notes	-	51,535	-	51,535
Yankees:				
Corporate	-	-	-	4,700
Government	-	-	-	1,419
Fixed Income Pools:				
Equity	-	-	-	425
Warrants	-	-	-	26
Emerging Markets Debt Pool	-	-	102,362	102,362
Broad Domestic Equity Pools:				
Convertible Bonds	48,283	-	-	48,283
Equity	3,622	-	3,529,555	3,533,177
Limited Partnership	-	-	239,379	239,379
Treasury Bills	-	-	2,039	2,039
International Equity Pool:				
Convertible Bonds	-	-	1,545	1,545
Corporate Bonds	-	-	591	591
Equity	-	-	1,884,837	1,884,837
Rights	-	-	379	379
Warrants	-	-	2	2
Emerging Markets Equity Pool	-	-	779,394	779,394
Private Equity Pool:				
Limited Partnerships	-	-	1,290,381	1,290,381
Absolute Return Pool:				
Limited Partnerships	-	-	670,592	670,592
Real Estate Pool:				
Commingled Funds	-	-	226,547	226,547
Limited Partnerships	-	-	243,430	243,430
Real Estate	-	-	655,573	655,573
Real Estate Investment Trust Pool:				
Equity	-	-	52,008	52,008
Energy Pool:				
Limited Partnerships	-	-	84,379	84,379
Farmland Pool:				
Agricultural Holdings	-	-	477,393	477,393
Farmland Water Pool:				
Agricultural Holdings	-	-	22,629	22,629
Timber Pool:				
Timber Holdings	-	-	165,952	165,952
Participant Directed:				
Collective Investment Funds	-	-	110,536	110,536
Pooled Investment Funds	-	-	30,278	30,278
Net Other Assets/(Liabilities)	279	600	1,493	(96,934)
Other Pool Ownership	-	697	42,224	-
Total Invested Assets	$ 52,836	$ 79,922	$ 10,759,405	$ 13,539,235

Interest Rate Risk

Short-term Fixed Income Pool

As a means of limiting its exposure to fair value losses arising from increasing interest rates, Treasury's investment policy limits individual fixed rate securities to fourteen months to maturity or fourteen months expected average life upon purchase. Floating rate securities are limited to three years to maturity or three years expected average life upon purchase. Treasury utilizes the actual maturity date for commercial paper and twelve-month prepay speeds for other securities. At June 30, 2010, the expected average life of individual fixed rate securities ranged from one day to twenty-nine years and the expected average life of floating rate securities ranged from one day to nine and three-quarters years.

Other Defined Benefit Fixed Income Pools

Duration is a measure of interest rate risk. It measures a security's sensitivity to a 100-basis point change in interest rates. The duration of a pool is the average fair value weighted duration of each security in the pool taking into account all related cash flows. Treasury uses industry standard analytical software developed by The Yield Book Inc. to calculate effective duration. The software takes into account various possible future interest rates, historical and estimated prepayment rates, options and other variable cash flows to calculate effective duration.

Through the ARMB's investment policy, Treasury manages the exposure to fair value losses arising from increasing interest rates by limiting the effective duration of the Retirement Fixed Income portfolio to ± 20 percent of the Barclays Capital U.S. Aggregate Bond Index. The effective duration for the Barclays Capital U.S. Aggregate Bond Index at June 30, 2010 was 4.30 years.

Through the ARMB's investment policy, Treasury manages the exposure to fair value losses arising from increasing interest rates by limiting the effective duration of the Intermediate U.S. Treasury Fixed Income to ± 20 percent of the Barclays Capital U.S. Treasury Intermediate Index. The effective duration for the Barclays Capital U.S. Treasury Intermediate Index at June 30, 2010 was 4.01 years.

Through the ARMB's investment policy, Treasury manages the exposure to fair value losses arising from increasing interest rates by limiting the effective duration of the High Yield portfolio to ± 20 percent of the Merrill Lynch U.S. High Yield Master II Constrained Index. The effective duration for the Merrill Lynch U.S. High Yield Master II Index Constrained Index at June 30, 2010 was 4.40 years.

Through the ARMB's investment policy, Treasury manages the exposure to fair value losses arising from increasing interest rates by limiting the effective duration of the International Fixed Income portfolio to ± 25 percent of the Citigroup Non-USD World Government Bond Index. The effective duration for the Citigroup Non-USD World Government Bond Index at June 30, 2010 was 6.76 years.

Through the ARMB's investment policy, Treasury manages the exposure to fair value losses arising from increasing interest rates by limiting the effective duration of the TIPS portfolio ± 20 percent of the Barclays Capital U.S. Treasury Inflation-Protected (U.S. TIPS) Index, or a reasonable proxy thereof. The average life of the proxy index at June 30, 2010 was 8.99 years.

The ARMB does not have a policy to limit interest rate risk for the Convertible Bond portfolio.

At June 30, 2010, the effective duration of the ARMB's fixed income pools, by investment type, was as follows:

	Effective Duration (in years)				
	Retirement	U.S. Treasury	High Yield	International	TIPS
Corporate Bonds	6.19	4.13	4.24	-	-
Convertible Bonds	-	-	3.32	-	-
Foreign Corporate Bonds	-	-	-	6.80	-
Foreign Government Bonds	-	-	-	6.01	-
Municipal Bonds	-	-	-	-	-
Mortgage-backed	2.73	-	-	-	-
Mortgage-backed TBA	2.97	-	-	-	-
Other Asset-backed	3.57	-	2.92	-	-
U.S. Government Agency	6.73	-	-	-	-
U.S. Treasury Bonds	10.77	7.98	-	-	7.05
U.S. Treasury Notes	4.40	3.53	-	-	2.78
U.S. Treasury Notes When-Issued	3.52	4.83	-	-	-
Warrants	-	-	3.95	-	-
Yankees:					
Government	6.95	-	-	-	-
Portfolio Effective Duration	4.25	4.83	4.08	6.26	4.21

Defined Contribution Pooled Investment Funds

The ARMB contracts with an external investment manager who is given the authority to invest funds in a wholly owned pooled environment to accommodate eleven participant directed funds. Through the ARMB's investment policy, exposure to fair value losses arising from increasing interest rates is managed by limiting the duration as follows:

> For government, corporate debt, and mortgage-backed securities, duration is limited to ± 0.2 years of the Barclays Capital U.S. Aggregate Bond Index. At June 30, 2010, the duration of the government, corporate debt, and mortgage-backed securities was 4.18 years, and the duration of the Barclays Capital Aggregate Bond Index was 4.30 years.

The ARMB does not have a policy with respect to money market or other pooled investment funds to limit interest rate risk. The weighted average maturity of the market portfolio was 0.15 years at June 30, 2010.

Defined Contribution Collective Investment Funds

The ARMB does not have a policy to limit interest rate risk for its collective investment funds. At June 30, 2010 the modified duration of collective investment funds that consisted solely of debt securities were as follows – SSgA Money Market Trust: 0.05 years, SSgA World Government Bond Ex-US Index: 6.95 years, SSgA Long US Treasury Bond Index: 13.75 years, SSgA TIPS Index: 8.06 years, Barclays Gov/Corp Bond Fund: 5.18 years, and the Barclays Intermediate Bond Fund: 3.62 years.

Credit Risk

Treasury's investment policy has the following limitations with regard to credit risk:

Short-term Fixed Income Pool investments are limited to instruments with a long-term credit rating of at least A3 or equivalent and instruments with a short-term credit rating of at least P-1 or equivalent. Asset-backed and non-agency mortgage securities must be rated A3 or equivalent. The A3 rating is defined as the median rating of the following three rating agencies: Standard & Poor's Corporation, Moody's, and Fitch. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA.

The ARMB's investment policy has the following limitations with regard to credit risk:

Retirement Fixed Income:

- Commercial paper must carry a rating of at least P-1 by Moody's and A-1 by Standard & Poor's.
- Corporate debt securities must be investment grade.
- Corporate, asset-backed and non-agency mortgage securities must be investment grade. Investment grade is defined as the median rating of Standard & Poor's, Moody's and Fitch. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA. Corporate bonds may be purchased if rated by two of these agencies.
- No more than 40 percent of the portfolio's assets may be invested in investment grade corporate debt.
- No more than 15 percent of the portfolio's assets may be invested in BBB+ to BBB- rated debt by Standard & Poor's Corporation or the equivalent by Moody's or Fitch.

Intermediate U.S. Treasury Fixed Income:

- No more than five percent of the portfolio's assets may be invested in securities that are not full faith and credit obligations of the U.S. Government at the time of purchase.
- No more than 10 percent of the portfolio's assets may be invested in securities that are not nominal, coupon-paying United States Treasury obligations at the time of purchase.
- Corporate, asset-backed and non-agency mortgage securities must be investment grade. Investment grade is defined as the median rating of Standard & Poor's, Moody's and Fitch. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA. Corporate bonds may be purchased if rated by two of these agencies.

High Yield:

- No more than 10 percent of the portfolio's assets may be invested in securities rated A3 or higher.
- No more than 25 percent of the portfolio's assets may be invested in securities rated below B3.
- No more than five percent of the portfolio's assets may be invested in unrated securities.
- No more than 10 percent of the portfolio's assets may be invested in countries not rated investment grade, including emerging markets.

The lower of any Standard & Poor's, Moody's or Fitch rating will be used for limits on securities rated below B3 and the higher rating will be used for limits on securities rated A3 or higher.

International Fixed Income:

- Corporate and asset-backed obligations must be rated investment grade or better by a recognized credit rating agency.
- Commercial paper and euro commercial paper must be rated A-1 by Standard & Poor's or P-1 by Moody's or the equivalent of a comparable rating agency.

Convertible Bond:

- Non-rated convertible securities are permitted provided the manager is able to assign an appropriate credit rating consistent with the criteria used by Standard and Poor's, Moody's or Fitch. Non-rated securities are limited to 35 percent of the total market value of the portfolio.
- The weighted-average rating of the portfolio shall not fall below the Standard and Poor's equivalent of B.
- Investments are limited to instruments with a credit rating above CCC- by Standard and Poor's and Caa3 by Moody's. However, the manager may continue to hold securities downgraded below CCC- by Standard and Poor's and Caa3 by Moody's if such an investment is considered appropriate given the Board's investment objective.
- In the case of a split rating by two or more of the rating agencies, the lower rating shall apply.

TIPS:

- Commercial paper must be rated at least P-1 by Moody's and A-1 by Standard & Poor's.
- Corporate debt securities must be investment grade.
- No more than five percent of the portfolio's assets may be invested in investment grade corporate debt.
- No more than five percent of the portfolio's assets may be invested in BBB+ to BBB- rated debt by Standard & Poor's or the equivalents by Moody's or Fitch.

Corporate, asset-backed and non-agency mortgage securities must be rated investment grade. The investment grade rating is defined as the median rating of the following three rating agencies: Standard & Poor's, Moody's, and Fitch. Asset-backed and non-agency mortgage securities may be purchased if only rated by one of these agencies if they are rated AAA. Corporate bonds may be purchased if rated by two of these agencies.

Domestic Equity, International Equity and Emerging Markets Separate Accounts:

Corporate debt obligations must carry a rating of at least A or better by Moody's, Standard & Poor's or Fitch rating services.

Commercial paper must bear the highest rating assigned by Moody's, Standard & Poor's, or Fitch rating services.

The ARMB does not have a policy to limit the concentration of credit risk for the Collective Investment Funds.

At June 30, 2010, ARMB's invested assets consisted of securities with credit quality ratings issued by nationally recognized statistical rating organizations as follows (using Standard & Poor's Corporation rating scale):

		Fixed Income Pools						
	Rating	Short-term	Retirement	U.S. Treasury	High Yield	International	Convertible	TIPS
Bridge Loans	Not Rated	-	-	-	0.16%	-	-	-
Commercial Paper	A-1	1.17%	-	-	-	-	-	-
Commercial Paper	Not Rated	4.03%	-	-	-	-	-	-
Convertible Bonds	AAA	-	-	-	-	-	1.52%	-
Convertible Bonds	AA	-	-	-	-	-	2.22%	-
Convertible Bonds	A	-	-	-	-	-	8.61%	-
Convertible Bonds	BBB	-	-	-	-	-	14.31%	-
Convertible Bonds	BB	-	-	-	-	-	19.80%	-
Convertible Bonds	B	-	-	-	0.33%	-	18.13%	-
Convertible Bonds	CCC	-	-	-	-	-	4.51%	-
Convertible Bonds	Not Rated	-	-	-	0.20%	-	22.29%	-
Corporate Bonds	AAA	41.70%	0.10%	0.77%	-	-	-	-
Corporate Bonds	AA	1.88%	2.64%	-	-	-	-	-
Corporate Bonds	A	3.74%	9.77%	-	-	-	-	-
Corporate Bonds	BBB	-	6.85%	0.75%	3.67%	-	-	-
Corporate Bonds	BB	-	-	-	33.72%	-	-	-
Corporate Bonds	B	-	-	-	42.61%	-	-	-
Corporate Bonds	CCC	-	-	-	9.69%	-	-	-
Corporate Bonds	D	-	0.39%	-	0.12%	-	-	-
Corporate Bonds	Not Rated	1.35%	-	-	4.04%	-	-	-
Foreign Corporate Bonds	AAA	-	-	-	-	26.91%	-	-
Foreign Corporate Bonds	AA	-	-	-	-	2.89%	-	-
Foreign Corporate Bonds	A	-	-	-	-	4.91%	-	-
Foreign Corporate Bonds	BBB	-	-	-	-	1.16%	-	-
Foreign Government Bonds	AAA	-	-	-	-	13.30%	-	-
Foreign Government Bonds	AA	-	-	-	-	18.67%	-	-
Foreign Government Bonds	A	-	-	-	-	16.02%	-	-
Foreign Government Bonds	NA	-	-	-	-	14.34%	-	-
Mortgage-backed	AAA	0.79%	27.48%	-	-	-	-	-
Mortgage-backed	AA	-	0.64%	-	-	-	-	-
Mortgage-backed	A	-	0.18%	-	-	-	-	-
Mortgage-backed	Not Rated	0.03%	0.58%	-	-	-	-	-
Mortgage-backed TBA	Not Rated	-	9.47%	-	-	-	-	-
Other Asset-backed	AAA	21.16%	0.09%	-	-	-	-	-
Other Asset-backed	AA	-	0.09%	-	-	-	-	-
Other Asset-backed	BBB	-	0.11%	-	-	-	-	-
Other Asset-backed	BB	-	-	-	0.16%	-	-	-
Other Asset-backed	Not Rated	1.68%	-	-	-	-	-	-
Overnight Sweep Accounts (Imcs)	Not Rated	-	-	-	3.42%	-	1.23%	-
Short Term Investment Fund	Not Rated	-	-	-	-	0.46%	-	-
U.S. Government Agency	AAA	1.07%	0.54%	-	-	-	-	-
U.S. Government Agency	Not Rated	5.84%	-	-	-	-	-	-
U.S. Treasury Bills	AAA	12.65%	-	-	-	-	-	-
U.S. Treasury Bills When-Issued	AAA	1.95%	-	-	-	-	-	-
U.S. Treasury Bonds	AAA	-	5.55%	8.64%	-	-	-	33.90%
U.S. Treasury Notes	AAA	-	15.74%	73.46%	-	-	-	64.48%
U.S. Treasury Notes When-Issued	AAA	-	17.03%	13.37%	-	-	-	-
Yankees:								
Government	BBB	-	0.11%	-	-	-	-	-
Corporate	AAA	0.58%	-	-	-	-	-	-
Corporate	AA	0.20%	-	-	-	-	-	-
Corporate	Not Rated	0.58%	-	-	-	-	-	-
No Credit Exposure		-0.40%	2.64%	3.01%	1.88%	1.34%	7.38%	1.62%
		100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Custodial Credit Risk – Deposits

The ARMB does not have a policy in relation to custodial credit risk for deposits. At June 30, 2010, invested assets had the following uncollateralized and uninsured deposits (in thousands):

International Equity Pool	$ 33,279
International Fixed Income Pool	209
	$ 33,488

Foreign Currency Risk

The ARMB's policy with regard to foreign currency risk in the International Fixed Income Pool is to restrict obligations to those issued in the currencies of countries represented in the Citigroup Non-USD World Government Bond Index and Mexico. The Board has no specific policy with regard to foreign currency risk relating to international or private equity. However, through its asset allocation policy, the Board limits total investments in international fixed income, global equity ex-U.S. and private equity to the following:

Pension Fund	Fixed - Income	Global Equity Ex-U.S.	Private Equity Pool
Public Employee's Retirement System	23%	26%	12%
Teachers' Retirement System	23%	26%	12%
Judicial Retirement System	23%	26%	12%
Alaska National Guard and Naval Militia System	-	20%	-

The ARMB has no policy regarding foreign currency risk in the Defined Contribution Pooled Investment Funds and Collective Investment Funds. At June 30, 2010, the ARMB had exposure to foreign currency risk with the following deposits:

	Amount (in thousands)	
Currency	International Fixed Income Pool	International Equity Pool
Australian Dollar	$ -	$ 67
Canadian Dollar	-	132
Danish Krone	-	14
Euro	145	29,001
Hong Kong Dollar	-	186
Israeli Shekel	-	31
Japanese Yen	64	3,498
New Taiwan Dollar	-	2
New Zealand Dollar	-	3
Norwegian Krone	-	19
Pound Sterling	-	145
Singapore Dollar	-	71
Swedish Krona	-	41
Swiss Franc	-	69
	$ 209	$ 33,279

At June 30, 2010, the Pension Funds had exposure to foreign currency risk with the following investments (in thousands):

	Amount (in thousands)			
	International Fixed Income Pool		International Equity Pool	Private Equity Pool
Currency	Foreign Government	Corporate	Equity	Limited Partnerhsips
Australian Dollar	$ 28,666	$ -	$ 41,570	$ -
Brazilian Real	-	-	3,148	-
Canadian Dollar	-	-	58,165	-
Danish Krone	-	-	17,073	-
Euro	39,258	12,152	586,384	127,061
Hong Kong Dollar	-	-	44,506	-
Indonesian Rupiah	-	-	2,789	-
Israeli Shekel	-	-	682	-
Japanese Yen	22,728	59,588	448,098	-
Malaysian Ringget	-	-	2,627	-
New Taiwan Dollar	-	-	7,419	-
New Zealand Dollar	-	-	1,746	-
Norwegian Krone	-	-	9,722	-
Polish Zloty	7,384	-	-	-
Pound Sterling	26,586	-	336,713	19,213
Singapore Dollar	-	-	10,348	-
South African Rand	-	-	1,049	-
South Korean Won	-	-	32,073	-
Swedish Krona	-	-	33,777	-
Swiss Franc	-	-	131,672	-
Turkish Lira	-	-	5,889	-
	$ 124,622	$ 71,740	$ 1,775,450	$ 146,274

At June 30, 2010, the Pension Funds had exposure to foreign currency risk in the Emerging Markets Equity Pool. This pool consists of investments in commingled investment funds; therefore, no disclosure of specific currencies is made.

Concentration of Credit Risk

Treasury's policy with regard to concentration of credit risk for the Short-term Fixed Income Pool is to prohibit the purchase of more than five percent of the portfolio's assets in corporate bonds of any one company or affiliated group. This provision does not apply to securities backed by the full faith and credit of the United States Government.

The ARMB's policy with regard to concentration of credit risk for the Retirement Fixed Income, Intermediate U.S. Treasury Fixed Income, High Yield, International Fixed Income and Convertible Bond Pools is to prohibit the purchase of more than five percent of the portfolio's assets in corporate bonds of any one company or affiliated group. The Board does not have a policy with regard to concentration of credit risk for the TIPS Pools.

At June 30, 2010, the Board's Invested Assets did not have exposure to any one issuer greater than five percent of total invested assets.

Foreign Exchange, Derivative, and Counterparty Credit Risk

The ARMB is exposed to credit risk on investment derivative instruments that are in asset positions. The ARMB has no policy of requiring collateral or other security to support derivative instruments subject to credit risk. Additionally, the ARMB has no policy regarding entering into netting arrangements when it enters into derivative instrument transactions with a counterparty, nor does the ARMB have a policy for contingencies.

On June 30, 2010, the ARMB had the following derivative instruments outstanding (in thousands):

	Change in Fair Value		Fair Value at June 30, 2010		
Type	Classification	Amount	Classification	Amount	Notional
Rights	Investment Revenue	$ 608	Common Stock	$ 379	$ 1,193
Warrants	Investment Revenue	(115)	Common Stock	27	10
Index Futures Long	Investment Revenue	4,580	Futures	(1,436)	27
FX Forwards	Investment Revenue	3,167	Long Term Instruments	608	-
TBA Transactions Long	Investment Revenue	13,235	Long Term Instruments	1,491	118,460
		$ 21,475		$ 1,069	$ 119,690

The International Equity Pool includes foreign currency forward contracts to buy and sell specified amounts of foreign currencies at specified rates on specified future dates for the purpose of hedging existing security positions. The counterparties to the foreign currency forward contracts consist of a diversified group of financial institutions. Credit risk exposure exists to the extent of non-performance by these counterparties; however, the risk of default is considered to be remote. The market risk is limited to the difference between contractual rates and forward rates at the balance sheet date.

At June 30, 2010 the ARMB had the following counterparty credit and counterparty concentration risk associated with its investment derivative positions:

Counterparty Name	Percent of Net Exposure	S&P Rating	Fitch Rating	Moody's Rating
Credit Suisse London Branch (GFX)	13.24	A+	AA-	Aa1
Mellon Bank	86.76	AA-	AA-	Aa2

	Amount (in thousands)
Maximum Amount of Loss ARMB Would Face in Case of Default of All Counterparties, i.e. Aggregated (Positive) Fair Value of OTC positions as of June 30, 2010	$ 1,264
Effect of Collateral Reducing Maximum Exposure	-
Liabilities Subject to Netting Arrangements Reducing Exposure	-
Resulting Net Exposure	$ 1,264

DEFERRED COMPENSATION

The State's Internal Revenue Code Section 457 Deferred Compensation Plan holds investments in several collective investment funds and an Interest Income Fund. At December 31, 2009, Deferred Compensation Plan investments totaled $519 million.

Additional investment information is disclosed in the financial statements issued by the Department of Administration, Division of Retirement and Benefits. These financial statements are available through the Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska 99811-0203 or at http://doa.alaska.gov/drb/.

Interest Rate Risk

Collective Investment and Money Market Funds

The ARMB contracts with external investment managers who maintain collective investment funds. Managers selected to manage investments for the Deferred Compensation Plan are subject to the provisions of the collective investment funds the ARMB has selected. In addition, the Deferred Compensation Plan maintains a balance in a commingled money market portfolio.

The ARMB does not have a policy to limit interest rate risk for the Collective Investment Funds or the commingled money market portfolio. These investments with their related weighted average maturities at December 31, 2009, are as follows:

	Fair Value (in thousands)	Weighted Average Maturity
Government/Credit Bond Fund	$ 30,614	7.49 years
Intermediate Bond Fund	16,907	3.96 years
Bond Fund	182	4.35 years
Money Market Fund	545	57.65 days

Interest Income Fund

ARMB contracts with an external investment manager who is given the authority to invest in synthetic investment contracts and a Reserve. This external manager also manages the securities underlying the synthetic investment contracts.

Through the ARMB's investment policy, exposure to fair value losses arising from increasing interest rates is managed by limiting the duration on synthetic investment contracts as follows:

For constant duration synthetic investment contracts, duration cannot exceed the longer of six years or the duration of the Barclays Capital Intermediate Aggregate Index plus one–half year. The aggregate duration of the constant duration synthetic investment contracts was 3.72 years at December 31, 2009. The duration of the Barclays Capital Intermediate Aggregate Index was 3.74 years at December 31, 2009.

Duration is a measure of interest rate risk. In the case of the Deferred Compensation Plan's constant duration synthetic investment contracts, duration is the fair value weighted average term to maturity using all fixed income securities underlying the contracts and their related cash flows.

The ARMB does not have a policy to limit interest rate risk for the Reserve. The balance in the Reserve is invested in the custodian's Institutional Money Market Fund, which has a weighted average maturity of 30 days at December 31, 2009.

Credit Risk

The ARMB does not have a policy to limit credit risk for the Deferred Compensation Plan's Collective Investment Funds and the commingled money market portfolio. These investments are not rated.

The Deferred Compensation Plan's Collective Investment Funds may lend assets or transfer securities to broker agents or other entities for collateral in the form of cash or securities and simultaneously agree to return the collateral for the same securities in the future. There is credit risk associated with the lending transactions. The risk exists that an issuer or other counterparty to an investment will not fulfill its obligations and a loss results from counterparty failure or default on a loaned security.

The ARMB's investment policy has the following limitations with regard to credit risk for synthetic investment contracts, investments underlying the synthetic investment contracts and the Reserve:

Synthetic Investment contract issuers must have an investment grade rating,
Supranational Agency and Foreign Government entity investments must have a minimum rating of A- or equivalent,
Corporate debt securities must have a minimum rating of BBB– or equivalent,
Asset-backed securities must have a minimum rating of AAA or equivalent,
The ratings assigned to issuers of money market instruments must have the highest rating of any nationally recognized statistical rating organization. This limitation does not apply to the investment funds maintained by the custodian.

The ARMB's investment policy has the following limitations with regard to credit risk for wholly owned pooled investments:

All government and corporate fixed income securities must be rated BBB- or better at time of purchase,

GNMA, FNMA, and FHLMC mortgage-backed securities may be purchased even if they are not rated by all or any of these rating agencies as long as they are rated investment grade by T. Rowe's internal credit evaluation, and

Commercial paper and other short–term debt obligations must be rated A-1 or equivalent.

At December 31, 2009, Deferred Compensation Plan's investments consisted of securities with credit quality ratings issued by a nationally recognized statistical rating organization as follows (using the Standard & Poor's rating scale):

		Fair Value (in thousands)		
Investment type	Rating	Underlying Synthetic Investment Contracts	Other	Total
Investments with credit exposure:				
Money Market Fund	Not Rated	$ -	$ 545	$ 545
Short-term Investment Fund	Not Rated	(1,975)	-	(1,975)
U.S. Government Agency	AAA	13,470	-	13,470
Mortgage-backed	AAA	6,653	-	6,653
Mortgage-backed	AA	298	-	298
Mortgage-backed	A	705	-	705
Mortgage-backed	BBB	232	-	232
Mortgage-backed	Not Rated	63,176	-	63,176
Other Asset-backed	AAA	1,759	-	1,759
Corporate Bonds	AA	3,972	-	3,972
Corporate Bonds	A	11,972	-	11,972
Corporate Bonds	BBB	8,489	-	8,489
Yankees:				
Corporate	AA	965	-	965
Corporate	A	1,537	-	1,537
Corporate	BBB	2,105	-	2,105
Government	AAA	3,042	-	3,042
Government	AA	666	-	666
Government	A	146	-	146
Government	BBB	237	-	237
Government	Not Rated	410	-	410
Deposits and Investments with no credit exposure:				
Deposits		2,476	-	2,476
U.S. Treasury Notes	AAA	34,112	-	34,112
Collective Investment Funds		-	272,542	272,542
Wholy Owned Pool		-	33,163	33,163
Domestic Equity		-	50,907	50,907
Total		$ 154,447	$ 357,157	$ 511,604

Custodial Credit Risk

The ARMB does not have a policy for custodial credit risk. At December 31, 2009, the Deferred Compensation Plan's deposits were uncollateralized and uninsured.

Concentration of Credit Risk

The ARMB does not have a policy to limit concentration of credit risk in the collective investment and money market funds.

The ARMB's policy with regard to concentration of credit risk for synthetic investment contracts, investments underlying the synthetic investment contracts and the Reserve is as follows:

No investment will be made if, at the time of purchase, total investment in any single issuer of investment contracts would exceed 35 percent of the Interest Income Fund's total value.

No investment will be made if, at the time of the purchase, total investment in any single issuer or in all issuers of the securities held as supporting investments under synthetic investment contracts in the table below would exceed the respective percentages of all investments underlying the synthetic investment contracts.

Investment Type	Issuer	All Issuers
U.S. Treasury and Agencies	100%	100%
U.S. Agencies Securities	100%	100%
Asset-backed Securities	5%	50%
Domestic and Foreign Corporate Debt Securities	5%	50%
Supranational Agency and Foreign Government Entity Securities	5%	50%
Money Market Instruments – Nongovernmental/Agency	5%	100%
Custodian Short-term Investment Fund	100%	100%

The maximum exposure to securities rated BBB is limited to 20 percent of the total value underlying synthetic investment contracts.

For the Reserve, the total investment of any single issuer of money market instruments may not exceed five percent of the total value underlying synthetic investment contracts. This limitation does not apply to the investment funds maintained by the custodian.

At December 31, 2009, the Deferred Compensation Plan had no exposure to a single issuer in excess of five percent of total invested assets.

Foreign Currency Risk

The ARMB does not have a policy to limit foreign currency risk associated with collective investment funds. The Deferred Compensation Plan has exposure to foreign currency risk in the International Equity and Global Balanced collective investment funds.

The ARMB's policy with regard to the Interest Income Fund is to require that all investments underlying a synthetic investment contract be denominated in U.S. dollars.

The ARMB's policy with regard to pooled investments requires that all money market holdings be made in entities domiciled in the U.S. The ARMB has no policy with regard to other pooled investments.

SUPPLEMENTAL BENEFITS SYSTEM

The State's Supplemental Benefits System (SBS) holds investments in several collective investment funds, the State's internally managed Short-term Fixed Income Pool (under the fiduciary responsibility of the Commissioner of Revenue), a Stable Value Fund and wholly-owned Pooled Investment Funds. At January 31, 2010, SBS investments totaled $2.183 billion.

Additional investment information is disclosed in the financial statements issued by the Department of Administration, Division of Retirement and Benefits. These financial statements are available through the Department of Administration, Division of Retirement and Benefits, P.O. Box 110203, Juneau, Alaska 99811-0203 or at http://doa.alaska.gov/drb/.

Interest Rate Risk

Collective Investment and Money Market Funds

The ARMB contracts with external investment managers who maintain collective investment funds. Managers selected to manage investments for SBS are subject to the provisions of the collective investment funds the ARMB has selected. In addition, SBS maintains a balance in a commingled money market portfolio.

The ARMB does not have a policy to limit interest rate risk for these investments. The weighted average maturity of the money market portfolio was 45.35 days at January 31, 2010.

Short-term Fixed Income Pool

The Investment Loss Trust Fund and the SBS's cash and cash equivalents are invested in the State's internally managed Short-term Fixed Income Pool. As a means of limiting its exposure to fair value losses arising from increasing interest rates, Treasury's investment policy limits individual fixed rate securities to 10 months in maturity or 10 months expected average life at the time of purchase. Floating rate securities are limited to 9 years in maturity or 9 years expected average life at the time of purchase. Treasury utilizes the actual maturity date for commercial paper and 12 month prepay speeds for other securities. At January 31, 2010, the expected average life of individual fixed rate securities ranged from one day to ten months and the expected average life of floating rate securities ranged from one day to 9 years.

Stable Value Fund

The ARMB contracts with an external investment manager who is given the authority to invest in synthetic investment contracts and a Reserve. This external manager also manages the securities underlying the synthetic investment contracts.

Through the ARMB's investment policy, exposure to fair value losses arising from increasing interest rates is managed by limiting the duration on synthetic investment contracts as follows:

> For constant duration synthetic investment contracts, duration cannot exceed the longer of six years or the duration of the Barclays Capital Intermediate Aggregate Index plus one–half year. The aggregate duration of the constant duration synthetic investment contracts was 3.53 years at January 31, 2010. The duration of the Barclays Capital Intermediate Aggregate Index was 3.62 years at January 31, 2010.
>
> Duration is a measure of interest rate risk. In the case of the SBS's constant duration synthetic investment contracts, duration is the fair value weighted average term to maturity of all fixed income securities underlying the contracts and their related cash flows. Duration of the SBS's structured payout synthetic investment contracts is the weighted average maturity of the contract payments.

The ARMB does not have a policy to limit interest rate risk for the Reserve. The balance in the Reserve is invested in the custodian's Short-term Investment Fund which had a weighted average maturity of 40 days at January 31, 2010.

Pooled Investment Funds

The ARMB contracts with an external investment manager who is given the authority to invest funds in a wholly-owned pooled environment to accommodate 13 participant directed funds. Through the ARMB's investment policy, exposure to fair value losses arising from increasing interest rates is managed by limiting the duration as follows:

> For government and corporate debt securities, duration is limited to ± 0.20 years of the Barclays Aggregate Bond Index. At January 31, 2010, the duration of the government and corporate debt securities was 4.48 years and the duration of the Aggregate Bond Trust was 4.57 years.
>
> Duration is a measure of a security's sensitivity to a 100–basis point change in interest rates. Duration, for the securities in the pooled investment funds, is the fair value weighted average term to maturity for each security taking into account all related cash flows.

The ARMB does not have a policy to limit interest rate risk for funds held in foreign currency, the custodian's short-term investment fund or commercial paper.

Credit Risk

The ARMB does not have a policy to limit credit risk for SBS's Collective Investment Funds and commingled money market portfolio. These investments are not rated.

SBS's Collective Investment Funds may lend assets or transfer securities to broker agents or other entities for collateral in the form of cash or securities and simultaneously agree to return the collateral for the same securities in the future. There is credit risk associated with the lending transactions. The risk exists that an issuer or other counterparty to an investment will not fulfill its obligations and a loss results from counterparty failure or default on a loaned security.

Treasury's investment policy limits credit risk in the Short–term Fixed Income Pool by limiting investments to instruments with a long–term credit rating of at least A3 or equivalent and instruments with a short–term credit rating of at least P-1 or equivalent. Treasury's investment policy further limits investments in institutional money market funds to those rated AAA. Treasury does not have a policy to limit credit risk associated with deposit accounts or investment funds maintained by the custodian.

The ARMB's investment policy has the following limitations with regard to credit risk for synthetic investment contracts, investments underlying the synthetic investment contracts and the Reserve:

Synthetic investment contract issuers must have an investment grade rating,
Supranational Agency and Foreign Government entity investments must have a minimum rating of A- or equivalent;
Corporate debt securities must have a minimum rating of BBB- or equivalent,
Asset-backed securities must have a minimum rating of AAA or equivalent, and
The ratings assigned to issuers of money market instruments must have the highest rating of any nationally recognized statistical rating organization. This limitation does not apply to the investment funds maintained by the custodian.

The ARMB's investment policy has the following limitations with regard to credit risk for wholly-owned pooled investments:

All government and corporate fixed income securities must be rated BBB- or better at time of purchase,
Government National Mortgage Association, Federal National Mortgage Association, and Federal Home Loan Mortgage Corporation mortgage-backed securities may be purchased even if they are not rated by all or any of these rating agencies as long as they are rated investment grade by T. Rowe's internal credit evaluation, and
Commercial paper and other short-term debt obligations must be rated A-1 or equivalent.

At January 31, 2010, SBS investments consisted of securities with credit quality ratings issued by a nationally recognized statistical rating organization as follows (using the Standard & Poor's rating scale):

		Fair Value (in thousands)				
Investment type	Rating	Short-term Fixed Income Pool	Underlying Synthetic Investment Contracts	Investment Loss Trust	Other	Total
Investments with Credit Exposure:						
Money Market Fund	Not rated	$ -	$ -	$ -	$ 1,496	$ 1,496
Short-term Investment Fund	Not rated	-	(429)	-	-	(429)
Commercial Paper	Not rated	412	-	95	-	507
U.S. Government Agency:						
Discount Notes	Not rated	268	-	62	-	330
Discount Notes	AAA	178	-	41	-	219
U.S. Government Agency	AAA	37	24,050	8	-	24,095
U.S. Government Agency	A	-	532	-	-	532
Mortgage-backed	AAA	159	9,030	37	-	9,226
Mortgage-backed	AA	-	384	-	-	384
Mortgage-backed	A	-	1,339	-	-	1,339
Mortgage-backed	BBB	-	280	-	-	280
Mortgage-backed	Not rated	7	103,473	2	-	103,482
Other Asset-backed	AAA	1,186	3,538	273	-	4,997
Other Asset-backed	AA	41	104	9	-	154
Other Asset-backed	A	3	104	1	-	108
Other Asset-backed	BBB	-	281	-	-	281
Corporate Bonds	AAA	3,876	422	896	-	5,194
Corporate Bonds	AA	284	6,523	66	-	6,873
Corporate Bonds	A	439	20,906	101	-	21,446
Corporate Bonds	BBB	-	13,144	-	-	13,144
Corporate Bonds	Not rated	5	337	1	-	343
Yankees:						
Corporate	AAA	110	-	25	-	135
Corporate	AA	167	2,399	39	-	2,605
Corporate	A	-	1,629	-	-	1,629
Corporate	BBB	-	2,835	-	-	2,835
Government	AAA	-	5,420	-	-	5,420
Government	AA	-	786	-	-	786
Government	A	-	437	-	-	437
Government	BBB	-	302	-	-	302
Government	NA	-	509	-	-	509
Deposits and Investments with No Credit Exposure:						
Deposits		3	1,309	1	-	1,313
U.S. Treasury Bills		1,067	-	246	-	1,313
U.S. Treasury Notes	AAA	-	58,420	-	-	58,420
Participant-directed Funds						
Pooled Investment Funds		-	-	-	1,375,802	1,375,802
Collective Investment Funds		-	-	-	476,782	476,782
Domestic Equity		-	-	-	55,726	55,726
Total Invested Assets		8,242	258,064	1,903	1,909,806	2,178,015
Pool Related Net Assets		3	-	-	-	3
Total		$ 8,245	$ 258,064	$ 1,903	$ 1,909,806	$ 2,178,018

Custodial Credit Risk

The ARMB does not have a policy for custodial credit risk. At January 31, 2010, the SBS Plan's deposits were uncollateralized and uninsured.

Concentration of Credit Risk

The ARMB does not have a policy to limit concentration of credit risk in the collective investment and money market funds.

Treasury's policy with regard to the Short-term Fixed Income Pool is to prohibit the purchase of more than five percent of the portfolio's assets in corporate bonds of any one company or affiliated group.

The ARMB's policy with regard to concentration of credit risk for synthetic investment contracts, investments underlying the synthetic investment contracts and the Reserve is as follows:

No investment will be made if, at the time of purchase, total investment in any single issuer of investment contracts would exceed 35 percent of the Stable Value Fund's total value.

No investment will be made if, at the time of the purchase, total investment in any single issuer or in all issuers of the securities held as supporting investments under synthetic investment contracts in the table below would exceed the respective percentages of all investments underlying the synthetic investment contracts.

The maximum exposure to securities rated BBB is limited to 20 percent of the total value underlying synthetic investment contracts.

For the Reserve, the total investment of any single issuer of money market instruments may not exceed five percent of the total value underlying synthetic investment contracts. This limitation does not apply to the investment funds maintained by the custodian.

Investment Type	Issuer	All Issuers
U.S. Treasury and Agencies	100%	100%
U.S. Agency Securities	100%	100%
Asset-backed Securities	5%	50%
Domestic and Foreign Corporate Debt Securities	5%	50%
Supranational Agency and Foreign Government Entity Securities	5%	50%
Money Market Instruments – Nongovernmental Agency	5%	100%
Custodian Short-term Investment Fund	100%	100%

The ARMB's policy with regard to concentration of credit risk for wholly owned pooled investments is as follows:

Equity holdings will be limited to five percent per issuer of the equity portfolio at the time of purchase,

With the exception of the U.S. Government or its agencies, fixed income holdings of any single issuer are limited to two percent of the total portfolio at the time of purchase, and

With the exception of the U.S. Government or its agencies, money market holdings of any single issuer are limited to no more than five percent of the portfolio at the time of purchase. This limitation does not apply to the investment funds maintained by the custodian.

At January 31, 2010, SBS had no exposure to a single issuer in excess of five percent of total invested assets.

Foreign Currency Risk

The ARMB does not have a policy to limit foreign currency risk associated with collective investment funds. SBS has exposure to foreign currency risk in the International Equity and the Global Balanced collective investment funds.

The ARMB's policy with regard to the Stable Value Fund is to require that all investments underlying a synthetic investment contract be denominated in U.S. dollars.

The ARMB's policy with regard to pooled investments requires that all money market holdings be made in entities domiciled in the U.S. The ARMB has no policy with regard to other pooled investments.

C. DEPOSITS AND INVESTMENTS MAINTAINED BY COMPONENT UNITS WHOSE ACCOUNTS ARE OUTSIDE OF THE STATE TREASURY

There are many component units of the state that maintained their accounts outside of the state treasury. However, the overwhelming majority of the activity is within the Alaska Permanent Fund Corporation (APFC). Information on deposits and investments maintained by the other component units are available within their separately issued audit reports.

ALASKA PERMANENT FUND CORPORATION

APFC is managed by a six member board of trustees (the "Trustees") consisting of the Department of Revenue Commissioner, one other head of a principal State department, and four governor-appointed public members with recognized competence and experience in finance, investments, or other business management-related fields. The Alaska Permanent Fund (the "Fund") assets are diversified across a wide variety of investments, in accordance with statutes, regulations, and APFC investment policies.

Investments and Related Policies

Carrying value of investments

The Fund investments are reported at fair value in the financial statements. Securities transactions are recorded on the trade date that securities are purchased or sold. Unrealized gains and losses are reported as components of net change in fund balance. For marketable debt and equity securities, including real estate investment trusts, fair values are obtained from independent sources using published market prices, quotations from national security exchanges, and security pricing services. Fair values of investments that have no readily ascertainable fair value are determined by management using the fair value capital account balances nearest to the balance sheet date, adjusted for subsequent contributions and distributions. Direct investments in real estate are subject to annual appraisals and audits. All alternative investments undergo annual independent financial statement audits.

Investment policy

The Trustees have established a long-term goal of achieving a five percent real rate of return on the Fund's investment portfolio. To help achieve this goal, the Trustees allocate the Fund's investments among various risk and asset classes.

At June 30, 2010, the APFC's strategic asset allocation targets were as follows:

Risk Class	Asset Class	Risk Class Target	Asset Class Target
Cash		2%	2%
Interest Rates		6%	
	U.S. Government Bonds		4%
	International Developed Government Bonds (currency hedged)		2%
Company Exposure		53%	
	Global Credit		11%
	Global Equity		36%
	Private Equity		6%
Real Assets		18%	
	Real Estate		12%
	Infrastructure		3%
	U.S. Treasury Inflation Protection Securities		3%
Special Opportunities		21%	
	Absolute Return Mandate		6%
	Real Return Mandate		7%
	Distressed Debt		1%
	Mezzanine Debt		1%
	Structured Credit		1%
	Other (future opportunities)		5%

Capital that is not invested in the special opportunities risk class resides in the company exposure risk class. To allow for market fluctuations and to minimize transaction costs, the Trustees have adopted ranges that permit percentage deviations from the strategic asset allocation targets in accordance with specified reporting requirements and other procedures. Generally, for each risk and asset class, the APFC's chief investment officer has discretionary authority to permit target deviations within one specified range (referred to as the "green zone" in the investment policy), the APFC's executive director can approve target deviations for up to 90 days within a broader range (the "yellow zone"), and the Board can approve operating for longer than 30 days within a third range (the "red zone"). For example, the target allocation for the interest rate risk class is six percent, with the green zone range set at 6 to12 percent, yellow zone ranges set at 5 to 6 percent and 12 to 20 percent, and red zone ranges set at allocations of less than five percent or greater than 20 percent. In a similar manner, the APFC investment policy also requires the APFC to monitor relative risk (the expected investment portfolio's risk and return relative to the risk benchmark using standard industry risk measures), active budget risk (risk due to active management decisions made by managers), and limits on private investments and future commitments.

In accordance with Alaska Statute 37.13.120(a), the Trustees have adopted regulations designating the types of eligible investments for Fund assets. The regulations follow the prudent-investor rule, requiring the exercise of judgment and care under the circumstances then prevailing that an institutional investor of ordinary prudence, discretion, and intelligence exercises in the designation and management of large investments entrusted to it, not in regard to speculation, but in regard to the permanent disposition of funds, considering preservation of the purchasing power of the Fund over time while maximizing the expected total return from both income and the appreciation of capital.

Interest Rate Risk

The APFC manages the Fund's exposure to interest rate risk in part through tracking error guidelines in the APFC's investment policy. Duration, expressed as a number of years, is an indicator of a portfolio's market sensitivity to changes in interest rates. In general, the major factors affecting duration are, in order of importance, maturity, prepayment frequency, level of market interest rates, size of coupon, and frequency of coupon payments. Rising interest rates generally translate into the value of fixed income investments declining, while falling interest rates are generally associated with increasing value. Effective duration attempts to account for the price sensitivity of a bond to changes in prevailing interest rates, including the effect of embedded options. As an example, for a bond portfolio with a duration of 5.0, a one percentage point parallel decline in interest rates would result in an approximate price increase on that bond portfolio of 5.0 percent. Duration is monitored through tracking error limits.

For short-term debt investments, the APFC's investment policy states that all monies will be invested in either (i) the primary custodian's short-term investment fund or (ii) money-market-fund-eligible instruments with a maturity or average life no greater than thirteen months.

At June 30, 2010, the Fund held fixed income investments with floating, variable, and step interest rates, valued at $307,899 thousand . These fixed income investments were both domestic and non-domestic, and had current annual interest rates ranging from zero percent to 11.25 percent.

Credit Risk

The APFC requires that its investment grade fixed income managers invest in domestic and non-domestic bonds that have an explicit or implied investment grade rating. Should the required ratings on an existing fixed income security fall below the minimum standards, the security must be sold within seven months. Certain high yield investment managers are allowed to invest a specified amount of funds in bonds rated below investment grade.

Custodial Credit Risk

The APFC generally requires that all investment securities at custodian banks be held in the name of the Fund. For the Fund's non-domestic securities held by most sub-custodians, the APFC's primary custodian provides contractual indemnities against sub-custodial credit risk. Excess cash in custodial accounts is swept daily to a money market fund managed by Invesco Aim Advisors, Inc. Late deposits of cash which miss the money market sweep deadline are deposited to an interest bearing account at the custodian.

Concentration of Credit Risk

The APFC manages the Fund's concentration of credit risk by following its strategic asset allocation policy, diversifying investments among managers with varying investment styles and mandates, and monitoring tracking error. Tracking error is a measure of how closely a portfolio follows the index to which it is benchmarked. The APFC's policy for mitigating this risk of loss for fixed income and equity investments is to ensure compliance with APFC investment policy and investment manager contracts. Managers are not permitted, under any circumstances, to encumber assets beyond those held in each separately managed account.

Foreign Currency Risk

Foreign currency risk is managed through foreign currency forward contracts, and through the diversification of assets into various countries and currencies.

Forward Exchange Contracts

Fund managers enter into a variety of forward currency contracts in their trading activities, and in the management of their foreign currency exchange rate risk exposure. These contracts are typically intended to neutralize the effect of foreign currency fluctuations, and the contract amounts do not appear on the balance sheet. Realized gains and losses are included in the net increase in the fair value of investments at the time the contract is settled, and are determined based on the difference between the contract rate and the market rate at the time of maturity or closing. Unrealized gains and losses also are included

in the net increase in the fair value of investments, and are calculated based on the difference between the contract rate and a forward market rate determined as of the balance sheet date.

A portion of forward exchange contracts is intended to manage, rather than neutralize, foreign currency fluctuations. Certain managers seek to control foreign exchange effects within their overall portfolio strategy rather than on a security by security basis. They attempt to optimize their foreign currency exposure in a market rather than accept the natural geographical exposure to the market's currency.

Equity Index Futures

Certain equity managers for the Fund are permitted to buy and sell equity index futures. The gross fair value of equity index futures does not appear in the balance sheets. The net unrealized gain or loss on open futures trades is included in the balance sheets, based on the difference between the future's purchase price and the current value of such index futures. Realized gains and losses on futures are included in the net increase in the fair value of investments at the time the futures contract expires. The net change in unrealized gains and losses is included in the net increase in the fair value of investments, based on the difference between the contract purchase price and the current value of the futures index as of the financial statement date.

Cash and Temporary Investments

Cash and temporary investments, which include the market values of foreign currency (FX) and FX forward exchange contracts, are summarized as follows at June 30, 2010 (in thousands):

Cash and Pooled Funds	$ 1,512,025
U.S. Treasury Bills	7,490
Total Cash and Temporary Investments	$ 1,519,515

U.S. treasury bills are explicitly guaranteed by the U.S. government and are not rated. At June 30, 2010, uninvested cash of $71,222 thousand was held at the custodian, sub-custodian, or futures broker banks, mainly in interest-bearing accounts. All remaining cash balances were invested in a money market fund managed by Invesco Aim Advisors, Inc.

Marketable Debt Securities

Marketable debt securities at June 30, 2010, are summarized as follows (in thousands):

	Cost	Fair Value	Unrealized Gains/(Losses)
Treasury Notes/Bonds	$ 2,381,437	$ 2,478,483	$ 97,046
Mortgage-backed Securities	443,137	462,837	19,700
Other Federal Agencies	287,938	312,674	24,736
Corporate Bonds	2,085,794	2,224,245	138,451
Non-domestic Bonds	886,063	869,650	(16,413)
Total Marketable Debt Securities	$ 6,084,369	$ 6,347,889	$ 263,520

Marketable Debt Credit Ratings

To manage credit risk for marketable debt securities, the APFC monitors fair values of all securities daily and routinely reviews its investment holdings' credit ratings. For accounts with an investment grade mandate (approximately 91% of bond mandates at June 30, 2010), issues falling below the minimum standards are required to be sold within seven months of the downgrade date. Managers with high yield mandates (approximately 9% of bond mandates at June 30, 2010) are allowed to hold positions in assets with below investment grade ratings (high yield bonds) based on the terms of their contracts. For purposes of this note, if credit ratings differ among the Nationally Recognized Statistical Rating Organizations (NRSRO) used, the rating with the highest degree of risk (the lowest rating) is reported.

At June 30, 2010, the Fund's credit ratings for its marketable debt securities are as follows (in thousands):

NRSRO Quality Rating	Domestic	Non-domestic	Total Fair Value	Percent of Holdings
AAA	$ 488,694	$ 543,014	$ 1,031,708	16.25%
AA	276,266	125,501	401,767	6.33%
A	812,848	105,348	918,196	14.46%
BBB	492,191	52,664	544,855	8.58%
BB	117,502	35,844	153,346	2.42%
B	160,362	2,273	162,635	2.56%
CCC	100,578	-	100,578	1.58%
CC	6,356	505	6,861	0.11%
C	8,473	862	9,335	0.15%
D	1,239	-	1,239	0.02%
Total fair value of rated debt securities	2,464,509	866,011	3,330,520	52.46%
Not rated	21,266	-	21,266	0.34%
U.S. government explicitly backed by the U.S. government	2,606,115	3,639	2,609,754	41.11%
U.S. government implicitly backed by the U.S. government	386,349	-	386,349	6.09%
Total fair value debt securities	$ 5,478,239	$ 869,650	$ 6,347,889	100.00%

Marketable Debt Duration

To manage its interest rate risk on marketable debt securities, the APFC monitors fair values daily and routinely reviews portfolio effective duration in comparison to established benchmarks. At June 30, 2010, the effective duration by investment type, based on fair value, is as follows:

	Percent of bond holdings	Duration
Domestic Bonds		
Treasuries	45.11%	5.44
Corporate Bonds	35.26%	6.15
Mortgages and Other Structured Products	13.91%	2.62
Supra/Sovereign	4.32%	6.09
Government Sponsored	1.40%	2.35
Total Domestic Bonds	100.00%	5.29
Non-domestic Bonds		
Government and Agency	99.50%	5.70
Corporate and Other Non-government	0.50%	4.51
Total Non-domestic Bonds	100.00%	5.70

Preferred and Common Stock

Direct investments in preferred and common stock are held by the APFC's custodian bank on behalf of the Fund.

The Fund invests in commingled stock funds, which are held by the custodian bank of the fund manager on behalf of fund investors. The commingled stock funds held as of June 30, 2010 were: the Emerging Markets Growth Fund (EMGF) managed by Capital International, Inc.; the International Small Company Portfolio (DFISX) managed by Dimensional Fund Advisors LP; and, the DFA International Small Cap Value Portfolio (DISVX) managed by Dimensional Fund Advisors LP.

The fair values of the Fund's shares in the EMGF were $1,066,422 thousand as of June 30, 2010, and are included in the non-domestic values shown below. The value of the Fund's investment in the commingled fund represented approximately 8.3 percent of the total EMGF value at June 30, 2010.

The two commingled funds managed by Dimensional Fund Advisors LP were new investments to the Fund in FY 2010. The fair values of the Fund's shares in the DFISX and DISVX funds were $184,424 thousand as of June 30, 2010, and are included in the non-domestic values shown below. The value of the Fund's investment in the DFISX and DISVX funds represented approximately 4.15 percent and 2.74 percent of those funds' total values at June 30, 2010, respectively.

Preferred and common stocks at June 30, 2010, are summarized as follows (in thousands), and include the net fair value of equity index futures:

	Cost	Fair Value	Unrealized Gains/(Losses)
Domestic	$ 8,734,594	$ 8,855,374	$ 120,780
Non-domestic	7,830,107	7,523,813	(306,294)
Total Preferred and Common Stock	$ 16,564,701	$ 16,379,187	$ (185,514)

Foreign Currency Exposure

Foreign currency risk is managed by the international investment managers in part through their decisions to enter into foreign currency forward contracts. Foreign currency risk is also managed through the diversification of assets into various countries and currencies.

At June 30, 2010, the Fund's cash holdings, non-domestic public and private equity, and debt securities had exposure to foreign currency risk as follows (shown in U.S. dollar equivalent at fair value):

Foreign Currency	Cash	Public Equity	Debt	Private Equity	Total Foreign Currency Exposure
Australian Dollar	$ 6,524	$ 292,335	$ 17,242	$ 2,731	$ 318,832
Brazilian Real	(1,315)	86,653	28,433	-	113,771
British Pound Sterling	5,967	1,093,997	81,124	22,820	1,203,908
Canadian Dollar	(3,718)	448,346	72,684	-	517,312
Chinese Yuan Renminbi	-	9	-	-	9
Colombian Peso	-	-	6,239	-	6,239
Czech Koruna	259	23,910	-	-	24,169
Danish Krone	867	49,641	42,777	-	93,285
Egyptian Pound	-	2,777	-	-	2,777
Euro	64,737	1,523,246	372,825	100,279	2,061,087
Hong Kong Dollar	3,171	329,181	-	-	332,352
Hungarian Forint	91	3,103	1,079	-	4,273
Indian Rupee	(269)	60,277	-	-	60,008
Indonesian Rupiah	(715)	26,926	8,744	-	34,955
Israeli Shekel	117	40,452	244	-	40,813
Japanese Yen	4,632	1,148,774	85,653	-	1,239,059
Malaysian Ringgit	142	14,284	2,952	-	17,378
Mexican Peso	206	22,088	23,407	-	45,701
New Zealand Dollar	112	2,678	-	-	2,790
Norwegian Krone	1,015	32,646	10,860	-	44,521
Philippine Peso	14	2,230	-	-	2,244
Polish Zloty	174	12,580	9,951	-	22,705
Russian Ruble	-	7,990	-	-	7,990
Singapore Dollar	1,178	80,722	2,517	-	84,417
South African Rand	120	54,586	-	-	54,706
South Korean Won	1,537	118,662	6,624	-	126,823
Swedish Krona	810	120,400	26,102	-	147,312
Swiss Franc	632	401,090	-	-	401,722
Taiwan Dollar	5,826	127,873	-	-	133,699
Thai Baht	-	17,788	-	-	17,788
Turkish Lira	(362)	36,306	17,914	-	53,858
Ukrainian Hryvna	3	1,284	-	-	1,287
Uruguayan Peso	-	-	3,914	-	3,914
Total foreign currency exposure	$ 91,755	$ 6,182,834	$ 821,285	$ 125,830	$ 7,221,704

Cash amounts in the schedule above include receivables, payables, and cash balances in each related currency. If payables exceed receivables and cash balances in a currency, then the total cash balance for that currency will appear as a negative value.

Real Estate

The Fund holds a variety of real estate interests, including directly owned real estate, real estate investment trusts, a real estate operating company, and other entities whose assets consist primarily of real property. The Fund invests in real estate directly through ownership of interests in corporations, limited liability companies, and partnerships that hold title to the real estate. External institutional real estate management firms administer the Fund's directly owned real estate investments.

Real estate investments at June 30, 2010, are summarized as follows (in thousands):

	Cost	Fair Value	Unrealized Gains/(Losses)
Real Estate Investment Trusts	$ 213,706	$ 211,498	$ (2,208)
Alaska Residential Mortgages	29	29	-
Directly Owned Real Estate -			
Retail	650,694	1,040,027	389,333
Office	1,030,217	883,744	(146,473)
Industrial	247,206	214,713	(32,493)
Multifamily	997,120	923,352	(73,768)
Total Real Estate	$ 3,138,972	$ 3,273,363	$ 134,391

Alternative Investments

Alternative investments include real return mandates, absolute return strategies, private equity, infrastructure, distressed debt, and mezzanine debt.

During fiscal year 2010, the APFC hired five real return mandate managers, providing $500 million in funding to each manager. The objective for the real return managers is to produce a five percent real return (in excess of inflation) over the longer of one business cycle or five years. Each manager's contract specifies permitted investments and liquidity guidelines. Investments are generally in commingled proprietary funds structured as limited partnerships.

Absolute return strategies are investments in specialized funds with low market correlation. The Fund's absolute return strategies are managed through five limited partnerships, in which the Fund is the only limited partner ("fund-of-one"). External investment management services are provided by institutional investment managers who have acknowledged their status as fiduciaries with respect to the Fund. Absolute return strategies invest in a diversified portfolio of underlying limited partnership interests or similar limited liability entities. Each fund-of-one provides the Fund with fair value estimates of partnership interests and undergoes an annual independent audit. Many absolute return investments do not have readily ascertainable fair values and may be subject to withdrawal restrictions and/or additional expenses upon early withdrawal of invested funds.

The Fund holds private equity through investments in limited liability companies and limited partnerships that typically invest in unlisted, illiquid common and preferred stock and, to a lesser degree, subordinated and senior debt of companies that are in most instances privately held. The APFC has hired external advisors to select private equity holdings diversified by geography and strategy. Private equity is funded slowly over time as opportunities are identified by the external advisors and the underlying fund managers. The underlying private equity funds provide the Fund with fair value estimates of the investments utilizing the most current information available. In addition, the external advisors review the fair value estimates, and the underlying private equity funds undergo annual independent audits. Private equity investments by their nature generally have no readily ascertainable market prices, and the estimated fair values may differ significantly from values that would be obtained in a market transaction for the assets.

Infrastructure investments involve ownership or operating agreements in essential long-term service assets with high barriers to entry. Examples of infrastructure assets include: toll roads; airports; deep water ports; communication towers; and energy generation, storage and transmission facilities. Investments in this asset class are expected to have inflation protection attributes and exhibit low correlations with other major asset classes in the Fund's investment strategy. The Fund holds infrastructure investments through commingled funds organized as limited partnerships whose investment managers provide periodic fair value estimates. The limited partnerships undergo annual independent audits. Infrastructure investments by their

nature generally have no readily ascertainable market prices, and the estimated fair values may differ significantly from values that would be obtained in a market transaction for the assets.

The Fund invests in distressed debt through limited partnerships that invest either directly in distressed debt or in commingled limited liability funds with a distressed debt focus. The Fund invests in mezzanine debt through limited partnerships that invest directly in mezzanine debt. These investments are funded over time, as opportunities arise. The limited partnerships undergo annual independent audits.

Alternative investments at June 30, 2010, are summarized as follows (in thousands):

	Cost	Fair Value	Unrealized Gains/(Losses)
Real return	$ 2,511,165	$ 2,483,299	$ (27,866)
Absolute return	1,955,415	2,163,647	208,232
Private equity	1,036,852	1,017,919	(18,933)
Infrastructure	503,763	524,412	20,649
Distressed and mezzanine debt	243,768	288,976	45,208
Total alternative investments	$ 6,250,963	$ 6,478,253	$ 227,290

As of June 30, 2010, the APFC, on behalf of the Fund, had outstanding commitments of: $151 million for absolute return; $1.23 billion for private equity; $802 million for infrastructure; and $984 million for distressed and mezzanine debt investments combined.

Alaska Certificates of Deposit

State regulations and APFC investment policy authorize the APFC to invest Fund assets in certificates of deposit or the equivalent instruments of banks, savings and loan associations, mutual savings banks and credit unions doing business in Alaska. The certificates of deposit are secured by collateral consisting of letters of credit from the Federal Home Loan Bank or pooled mortgage securities issued by U.S. government sponsored enterprises.

Securities Lending

State regulations at 15 AAC 137.510 and APFC investment policy authorize the APFC to enter into securities lending transactions on behalf of the Fund. Through a contract with the Bank of New York Mellon (the Bank), the Fund lends marketable debt and equity securities to borrowers who are banks and broker-dealers. The loans are collateralized with cash or marketable securities guaranteed by the U.S. government or a U.S. government agency. Under APFC's contract with the Bank, the Bank must mark the loaned securities and collateral to the market daily, and the loan agreements require the borrowers to maintain the collateral at not less than 102 percent of the fair value of the loaned securities for domestic securities (and non-domestic loaned securities denominated in U.S. dollars) and not less than 105 percent of the fair value for other non-domestic loaned securities. The APFC can sell securities that are on loan. Upon borrower default, the Bank can use cash collateral and the proceeds of non-cash collateral to purchase replacement securities. Generally, the APFC is protected from credit risk associated with the lending transactions through indemnification by the Bank against losses resulting from counterparty failure, the reinvestment of cash collateral, default on collateral investments, or a borrower's failure to return loaned securities.

Cash collateral received for loaned securities is reported on the Fund's balance sheet and invested by the Bank in the Fund's name. As of June 30, 2010, such investments were in overnight repurchase agreements that had a weighted-average maturity of one day. The average term of the loans was also one day. At June 30, 2010, the value of securities on loan is as follows (in thousands) :

Fair Value of Securities on Loan	$ 2,452,813
Cash Collateral	2,598,126

The Fund receives 80 percent of earnings derived from securities lending transactions, and the Bank retains 20 percent. During the years ended June 30, 2010, the Fund incurred no losses from securities lending transactions. The Fund received income of $9,475 thousands from securities lending for the years ended June 30, 2010.

Investment Income by Source

Investment income during the year ended June 30, 2010, is summarized as follows (in thousands):

Interest	
Domestic Marketable Debt Securities	$ 252,536
Non-domestic Marketable Debt Securities	42,698
Alaska Certificates of Deposit	2,279
Short-term Domestic and Other	657
Total Interest	$ 298,170
Dividends	
Domestic Stocks	$ 142,190
Non-domestic Stocks	208,827
Total Dividends	$ 351,017
Real Estate and Other Income	
Directly Owned Real Estate Interest	$ 2
Directly Owned Real Estate Net Rental Income	138,203
Real Estate Investment Trust Dividends	8,949
Real Return Interest and Dividends	8,188
Absolute Return Management Expenses, Net of Dividend and Interest Income	(15,958)
Distressed and Mezzanine Debt Fees, Net of Interest Income	(4,758)
Infrastructure Dividends and Interest, Net of Fees	6,311
Private Equity Management Expenses, Net of Dividend Income	(4,880)
Class Action Litigation Income	5,344
Loaned Securities, Commission Recapture and Other Income	10,046
Total Real Estate and Other Income	$ 151,447

Foreign Exchange Contracts and Off-Balance Sheet Risk

Certain APFC external investment managers enter into foreign currency forward exchange contracts (FX forward contracts) to buy and sell specified amounts of foreign currencies for the Fund at specified rates and future dates for the purpose of managing or optimizing foreign currency exposure. The maturity periods for outstanding contracts at June 30, 2010 ranged between 1 and 166 days.

The counterparties to the FX forward contracts consisted of a diversified group of financial institutions. The Fund is exposed to credit risk to the extent of non-performance by these counterparties. The Fund's market risk as of June 30, 2010 is limited to the difference between contractual rates and forward market rates determined at the end of the fiscal year.

Activity and balances related to FX forward contracts for fiscal year 2010 are summarized as follows (in thousands):

Face Value of FX Forward Contracts	$ 2,011,514
Net Unrealized Loss on FX Forward Contracts	(1,475)
Fair Value of FX Forward Contracts	$ 2,010,039
Unrealized Losses	$ (3,871)
Realized Gain	90,601
Net Increase in Fair Value of FX Forward Contracts	$ 86,730

Certain APFC equity investment managers are permitted to trade in equity index futures for the Fund's account. Equity index futures are traded in both domestic and non-domestic markets based on an underlying stock exchange value. Equity index futures are settled with cash for the net difference between the trade price and the settle price.

Activity and balances related to equity index futures for fiscal year 2010 is summarized as follows (in thousands):

Face Value of Equity Index Futures	$ 100,649
Net Unrealized Loss on Futures	(5,003)
Fair Value of Equity Index Futures	$ 95,646
Unrealized Losses	$ (4,017)
Realized Gains	13,717
Net Increase in Fair Value of Futures	$ 9,700

The face value of FX forward contracts and futures shown in these schedules is not required to be included in the Fund's balance sheet. All other balance and activity amounts shown above are included in the Fund's financial statements.

NOTE 5 – CAPITAL ASSETS

PRIMARY GOVERNMENT

Capital assets, which include property, plant, equipment, and infrastructure items (highways, bridges, and similar items) are reported in the applicable governmental and business-type activity columns of the government-wide financial statements.

Capitalization policy and useful lives for capital assets are as follows:

	Governmental Activities		Business-type Activities	
Capital Asset	Capitalize at Value	Useful Life	Capitalize at Value	Useful Life
Land	All	Indefinite	All	Indefinite
Infrastructure	$ 1,000,000	15-75	$ 100,000	5-40
Buildings	1,000,000	50	100,000	10-40
Intangible Assets and Computer Software	500,000	3-7		
Building Improvements	100,000	1-50	All	5-40
Machinery/equipment	100,000	3-60	5,000	5-10
Construction in Progress				

State of Alaska art, library reserve, and museum collections that are considered inexhaustible, in that their value does not diminish over time, are not capitalized. These assets are held for public exhibition, education, or research rather than financial

gain, and are protected, kept unencumbered, cared for, and preserved. Proceeds from the sale of collection items are used to acquire other items for collections.

Capital asset activities for the fiscal year ended June 30, 2010, are as follows (in millions):

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Intangible - Easements and Right of Way	$ 484	$ 20	$ -	$ 504
Land	313	6	-	319
Construction in progress	1,369	574	(584)	1,359
Total capital assets not being depreciated	2,166	600	(584)	2,182
Capital assets being depreciated:				
Buildings	1,556	89	(38)	1,607
Intangible - Software	38	1	-	39
Equipment	800	37	(9)	828
Infrastructure	5,581	404	-	5,985
Total capital assets being depreciated	7,975	531	(47)	8,459
Less accumulated depreciation for:				
Buildings	(476)	(28)	12	(492)
Intangible - Software	(28)	(9)	-	(37)
Equipment	(363)	(34)	7	(390)
Infrastructure	(3,211)	(275)	-	(3,486)
Total accumulated depreciation	(4,078)	(346)	19	(4,405)
Total capital assets being depreciated, net	3,897	185	(28)	4,054
Capital assets, net	$ 6,063	$ 785	$ (612)	$ 6,236

Internal service funds predominantly serve the governmental funds. Accordingly, capital assets for internal funds are included as part of the above schedule for governmental activities.

Business-type Activities	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	$ 30	$ -	$ -	$ 30
Construction in progress	229	123	(275)	77
Total capital assets not being depreciated	259	123	(275)	107
Capital assets being depreciated:				
Buildings	751	222	-	973
Equipment	69	8	(1)	76
Infrastructure	630	40	-	670
Total capital assets being depreciated	1,450	270	(1)	1,719
Less accumulated depreciation for:				
Buildings	(204)	(23)	-	(227)
Equipment	(44)	(4)	1	(47)
Infrastructure	(288)	(20)	-	(308)
Total accumulated depreciation	(536)	(47)	1	(582)
Total capital assets being depreciated, net	914	223	-	1,137
Capital assets, net	$ 1,173	$ 346	$ (275)	$ 1,244

The following relates to the land owned by the State:

The total state entitlement amounts to approximately 105.7 million acres, 102.5 million of which was received through the Statehood Act. In accordance with the Alaska Statehood Act section 6(g), Alaska Native Claims Settlement Act, and the Alaska National Interest Lands Conservation Act, section 906(c), 100.1 million acres have been patented or “tentatively approved.”

The State disposes of various land parcels through several programs. However, the State generally retains the subsurface rights of the land upon disposal.

Depreciation expense was charged to the functions of the primary government as follows (in millions):

Governmental Activities	Amount
General Government	$ 3
Education	8
Health and Human Services	10
Law and Justice	3
Natural Resources	2
Public Protection	6
Transportation	290
Depreciation on capital assets held by the state's internal service funds is charged to the various functions based on their use of the assets.	24
Total Depreciation Expense – Governmental Activities	$ 346
Business-type Activities	
Enterprise	$ 47

DISCRETELY PRESENTED COMPONENT UNITS

The estimated useful lives of capital assets range from 4 to 50 years. The following table summarizes net capital assets reported by the discretely presented component units at June 30, 2010 (in millions):

	Beginning Balance (restated)	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Intangible - Easements and Right of Ways	$ 5	$ 1	$ -	$ 6
Land	70	2	-	72
Library, media, and museum collections	57	1	-	58
Construction in progress	192	170	(216)	146
Infrastructure	11	-	-	11
Total capital assets not being depreciated	335	174	(216)	293
Capital assets being depreciated/depleted:				
Intangible - Software	-	1	-	1
Intangible - Right of Use	21	-	-	21
Land	4	-	-	4
Buildings	1,353	135	-	1,488
Equipment	456	41	(20)	477
Infrastructure	1,160	54	-	1,214
Total capital assets being depreciated/depleted	2,994	231	(20)	3,205
Less accumulated depreciation/depletion for:				
Intangible - Right of Use	(2)	-	-	(2)
Buildings	(665)	(52)	-	(717)
Equipment	(251)	(31)	19	(263)
Infrastructure	(419)	(46)	-	(465)
Total accumulated depreciation/depletion	(1,337)	(129)	19	(1,447)
Total capital assets being depreciated/depletion, net	1,657	102	(1)	1,758
Capital assets, net	$ 1,992	$ 276	$ (217)	$ 2,051

University of Alaska art, library, and museum collections, which are capitalized but not depreciated, are reported in the statement of net assets as equipment. These assets are held for public exhibition, education, or research rather than financial gain, and are protected, kept unencumbered, cared for, and preserved. Proceeds from the sale of collection items are used to acquire other items for collections.

The beginning balance amount for component units includes reclassification activity. The Alaska Railroad Corporation had a reclassification of equipment to infrastructure, the Alaska Energy Authority had a reclassification of infrastructure from depreciated to non-depreciated, and the Alaska Natural Gas Development Authority had a reclassification of construction in progress to land. With GASB 51, Alaska Aerospace Development Corporation had a reclassification of infrastructure to equipment.

NOTE 6 – SHORT-TERM DEBT, BONDS PAYABLE AND OTHER LONG-TERM OBLIGATIONS

A. SUMMARY OF CHANGES

SHORT-TERM DEBT

Two enterprise funds, the Alaska Clean Water Fund and the Alaska Drinking Water Fund issued bond anticipation notes during FY 10 totaling $964 thousand and $1,629 thousand respectively. The proceeds were used to fund the State share of loan distributions and administration costs. In accordance with the Environmental Protection Agency regulations, interest and investment earnings were used to retire the bond anticipation notes. No balance was outstanding at year end.

Short-term debt activity for the primary government for the fiscal year ended June 30, 2010 is as follows (in thousands):

	Beginning Balance	Increases	Decreases	Ending Balance
Bond Anticipation Notes	$ -	$ 2,593	$ 2,593	$ -

LONG-TERM LIABILITIES

The following table summarizes changes in long-term liabilities for the fiscal year ended June 30, 2010 (in thousands):

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue bonds payable	$ 430,176	$ 908	$ 5,331	$ 425,753	$ 2,596
General obligation debt	520,019	-	30,502	489,517	34,839
Capital leases payable	410,846	20,603	21,364	410,085	21,224
Unearned & deferred revenue	285,819	24,149	7,781	302,187	43,290
Certificates of participation	51,415	-	5,810	45,605	6,005
Compensated absences	143,661	143,303	132,913	154,051	122,506
Claims and judgments	135,404	41,571	101,888	75,087	32,991
Pollution Remediation	43,130	19,273	9,087	53,316	6,103
Other noncurrent liabilities	3,256	-	1,952	1,304	966
Net pension obligation	-	751	-	751	-
Total	$ 2,023,726	$ 250,558	$ 316,628	$ 1,957,656	$ 270,520

Internal service funds predominantly serve the governmental funds. Accordingly, long-term liabilities for internal service funds are included as part of the above totals for governmental activities.

The General Fund, special revenue and internal service funds in which the leases are recorded typically liquidate the capital lease obligations. The compensated absence obligations are typically liquidated by the funds incurring the related salaries and wages. Claims and judgments attributable to governmental activities will generally be liquidated by the General Fund, except for the payments by Capital Project Funds for the rebate of arbitrage. Certain claims and judgment liquidations will receive proportional federal reimbursement. Other non-current liabilities due within one year will be liquidated by the General Fund and those due after one year will be liquidated by the Reclamation Bonding Pool, a special revenue fund.

The Internal Revenue Code and arbitrage regulations issued by the Internal Revenue Service require rebate to the federal government of excess investment earnings on bond proceeds if the yield on those earnings exceeds the effective yield on the related tax-exempt bonds issued. Arbitrage rebates payable are reported under claims and judgments.

Business-type Activities	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
Revenue bonds payable	$ 582,893	$ -	$ 20,887	$ 562,006	$ 7,040
Unearned & deferred revenue	3,602	573	-	4,175	4,175
Compensated absences	4,345	3,760	3,752	4,353	3,531
Claims and judgements	-	910	-	910	700
Pollution Remediation	1,518	155	244	1,429	125
Other noncurrent liabilities	524	-	369	155	-
Total	$ 592,882	$ 5,398	$ 25,252	$ 573,028	$ 15,571

B. GENERAL OBLIGATION BONDS AND REVENUE BONDS

GENERAL OBLIGATION BONDS

Under Article IX, Section 8 of the State Constitution and AS 37.15, the State Bonding Act, general obligation bonds must be authorized by law and ratified by voters and generally must be issued for capital improvements. There is no statutory limit on the amount of State general obligation bonds that may be authorized.

The full faith, credit, and resources of the state are pledged to secure payment of general obligation bonds. As of June 30, 2010, the following were the general obligation bond debt outstanding (in millions):

Year Ending June 30	Principal	Interest	Total
2011	$ 32.0	$ 21.8	$ 53.8
2012	35.2	20.2	55.4
2013	36.6	18.4	55.0
2014	38.1	16.6	54.7
2015	27.1	15.1	42.2
2016-2020	142.3	55.2	197.5
2021-2025	108.8	25.5	134.3
2026-2030	55.6	7.2	62.8
Total debt service requirements	475.7	$ 180.0	$ 655.7
Unamortized bond premium	13.8		
Total principal outstanding	$ 489.5		

The General Obligation Bonds Series 2003A were issued for the purpose of paying $235,215,500 of the cost of design, construction and major maintenance of educational and museum facilities and for the purpose of paying $123,914,500 of the costs of State transportation projects. The Series 2003B Bonds were issued for the purpose of paying $102,805,000 of the costs of State transportation projects. The Series 2009A Bonds were issued for the purpose of paying $165,000,000 of the costs of State transportation projects.

REVENUE BONDS

As of June 30, 2010, the following were the revenue bonds outstanding (in millions):

	Governmental Activities		Business-Type Activities	
Year Ending June 30	Principal	Interest	Principal	Interest
2011	$ 2.6	$ 20.6	$ 7.0	$ 27.4
2012	6.2	20.5	22.8	26.7
2013	11.9	20.2	23.9	25.5
2014	12.6	19.7	25.1	24.3
2015	13.4	19.2	26.3	23.1
2016-2020	50.0	87.3	142.1	94.9
2021-2025	51.1	76.3	178.7	54.8
2026-2030	43.6	64.1	118.7	15.4
2031-2035	51.5	52.9	16.4	0.3
2036-2040	67.0	38.7	-	-
2041-2045	91.4	19.6	-	-
2046-2050	33.5	1.1	-	-
Total debt service requirements	434.8	$ 440.2	561.0	$ 292.4
Unamortized bond (discounts)/premiums	(8.8)		1.0	
Deferred amount on refunding	(3.4)		-	
Plus accreted value	3.2		-	
Total principal outstanding	$ 425.8		$ 562.0	

There are two types of revenue bonds within governmental activities reported above, the Northern Tobacco Securitization Corporation revenue bonds and the State of Alaska Sport Fishing Revenue bonds. This debt is reported in the Governmental Activities column of the Government-wide Statement of Net Assets.

Northern Tobacco Securitization Corporation Revenue Bonds

The Northern Tobacco Securitization Corporation (NTSC) bonds were issued to purchase the right to a share of Tobacco Settlement Revenues (TSRs) received by the State of Alaska. These revenue bonds are secured by and payable solely from the TSRs and investment earnings pledged under the respective bond indentures and amounts established and held in accordance with those bonds indentures. Neither Alaska Housing Finance Corporation nor the State of Alaska is liable for any debt issued by NTSC. NTSC revenue bond total at June 30, 2010 includes $380.4 million in principal, $415.4 million in interest, $8.9 million in unamortized discount, $3.4 million deferred amount on refunding, and $3.2 million in accreted value on the Series 2006B and Series 2006C Bonds. At June 30, 2010, $72.1 million in NTSC revenue bonds were outstanding and considered defeased.

Alaska Sport Fishing Revenue Bonds

The State of Alaska Sport Fishing (SF) Revenue Bonds Series 2006 were issued under Article 5A of Chapter 15 of Title 37 of the Alaska Statutes. The bonds were issued to provide a portion of the funds necessary to finance the construction and renovation of fisheries rehabilitation, enhancement and development projects that benefit sport fishing. These revenue bonds are special, limited obligations of the State secured by and payable from the sport fishing facilities surcharge imposed under AS 16.05.340 and from funds received from the federal government which by their terms are not restricted in use and legally available for the payment for debt service on Parity Bonds. The bonds are not general obligations of the State, and the State does not pledge its full faith and credit to the payment of the bonds. Sport Fishing revenue bond total at year end includes $54.4 million in principal, $24.8 million in interest, and $.1 million in unamortized premium.

International Airports Revenue Bonds

The business activities revenue bonds include bond issuances by the International Airports Fund (IAF). Gross revenues derived from the operation of the international airports at Anchorage and Fairbanks are pledged to secure the payment of principal and interest on International Airports revenue bonds. There are $55.3 million of bonds authorized by the Alaska

Legislature that have not been issued. This debt is reported in the Business-type Activities column of the Government-wide Statement of Net Assets. At June 30, 2010, $14.6 million in International Airports Revenue Bonds were outstanding and considered defeased. Total bond interest arbitrage rebate liability was $155.7 thousand at June 30, 2010.

C. CAPITAL AND OPERATING LEASES

A summary of noncancelable operating and capital lease commitments to maturity are (in millions):

Governmental Activities	Operating	Capital Leases		
Year Ending June 30	Leases	Principal	Interest	Total
2011	$ 36.5	$ 21.2	$ 21.7	$ 42.9
2012	28.4	20.8	20.5	41.3
2013	22.6	20.8	19.5	40.3
2014	18.8	21.6	18.5	40.1
2015	12.1	21.9	17.5	39.4
2016-2020	34.1	107.0	71.3	178.3
2021-2025	3.6	73.3	46.6	119.9
2026-2030	1.6	73.4	26.0	99.4
2031-2035	1.3	48.9	4.9	53.8
2036-2040	0.2	-	0.3	0.3
2041-2045	0.2	-	0.3	0.3
2046-2050	0.2	-	0.3	0.3
2051-2055	0.2	-	0.3	0.3
2056-2060	1.8	1.2	0.3	1.5
Total	$ 161.6	$ 410.1	$ 248.0	$ 658.1

Leases at June 30, 2010 are reported by the State of Alaska within Governmental Activities and Business-Type Activities, as applicable.

The State leases office facilities, office and computer equipment, and other assets under a variety of agreements. Although lease terms vary, most leases are subject to appropriation from the State Legislature to continue the obligation. If the possibility of receiving no funding from the Legislature is remote, leases are considered noncancelable for financial reporting purposes. Leases that represent acquisitions are classified as capital leases, and the related assets and liabilities are recorded in the financial records at the inception of the lease. Other leases are classified as operating leases with the lease payments recorded as expenditures or expenses during the life of the lease. Certain operating leases are renewable for specified periods. In most cases, management expects that the leases will be renewed or replaced by other leases.

Buildings and equipment under capital leases as of June 30, 2010 include the following (in thousands):

	Governmental Activities	Business-Type Activities
Buildings	$ 419,941	$ -
Equipment	11,507	-
Less: Accumulated Depreciation	(21,364)	-
	$ 410,084	$ -

D. CERTIFICATES OF PARTICIPATION

The State has lease purchase agreements funded through certificates of participation (COPs). These leases are for the purchase of buildings. Third-party leasing companies assigned their interest in the lease to underwriters, which issued certificates for the funding of these obligations. The COPs represent an ownership interest of the certificate holder in a lease purchase agreement. While the State is liable for lease payments to the underwriters, the State is not liable for payments to holders of the certificates.

The following schedule presents future minimum payments as of June 30, 2010 (in millions):

Governmental Activities	Certificates of Participation		
Year Ending June 30	Principal	Interest	Total
2011	$ 6.0	$ 2.0	$ 8.0
2012	6.2	1.7	7.9
2013	6.5	1.5	8.0
2014	3.9	1.1	5.0
2015	4.1	1.0	5.1
2016-2020	16.8	2.3	19.1
2021-2025	2.1	0.1	2.2
Total	$ 45.6	$ 9.7	$ 55.3

E. DISCRETELY PRESENTED COMPONENT UNITS

Debt service requirements are (in millions):

Year Ending June 30	Principal	Interest	Total
2011	$ 362.0	$ 189.2	$ 551.2
2012	180.0	182.2	362.2
2013	176.3	174.6	350.9
2014	176.3	166.7	343.0
2015	151.2	158.4	309.6
2016-2020	748.3	689.5	1,437.8
2021-2025	698.5	517.9	1,216.4
2026-2030	683.9	355.6	1,039.5
2031-2035	598.3	202.9	801.2
2036-2040	573.1	65.1	638.2
2041-2045	139.0	4.5	143.5
Total debt service requirements	$ 4,486.9	$ 2,706.6	$ 7,193.5
Unamortized (discounts)/premiums	23.3		
Unamortized swap termination penalty	(20.7)		
Deferred amount on refunding	(23.8)		
Total principal outstanding	$ 4,465.7		

The preceding table does not include $407 thousand of Alaska Energy Authority arbitrage interest payable.

F. ALASKA HOUSING FINANCE CORPORATION DERIVATIVES

The Alaska Housing Finance Corporations (AHFC) entered into derivatives to reduce the overall cost of borrowing long-term capital and protect against the risk of rising interest rates. AHFC's derivatives consist of interest rate swap agreements entered into in connection with its long-term bonds. The interest rate swaps are pay-fixed, receive-variable agreements, and were entered into at a cost less than what AHFC would have paid to issue conventional fixed-rate debt.

The swaps are recorded and disclosed as either hedging derivatives or investment derivatives. The synthetic instrument method was used to determine whether the derivative was hedgeable or not. The fair values of the hedgeable derivatives and investment derivatives are presented in the Statement of Net Assets, either as a derivative liability (negative fair value amount) or as a derivative asset (positive fair value amount). If a swap changes from a hedgeable derivative to an investment derivative, the hedge is considered terminated and the accumulated change in fair value is no longer deferred but recognized as a revenue item.

The fair value amounts, obtained from mark to market statements from the respective counterparties and reconciled to present value calculations done by AHFC, represent mid-market valuations that approximate the current economic value using market averages, reference rates, and/or mathematical models. Actual trade prices may vary significantly from these estimates as a result of various factors, which may include (but are not limited to) portfolio composition, current trading intentions, prevailing credit spreads, market liquidity, hedging costs and risk, position size, transaction and financing costs, and use of capital profit. The fair value represents the current price to settle swap asset or liabilities in the marketplace if a swap were to be terminated.

AHFC's interest rate swaps require that if the ratings on the associated bonds fall to BBB+/Baa1, AHFC would have to post collateral of up to 100 percent of the swap's fair value. As of June 30, 2010, AHFC has not posted any collateral and is not required to post any collateral.

The recording of the fair value of derivatives resulted in a cumulative effect of accounting change amount in the Statement of Revenues, Expenses, and Changes in Net Assets. Please refer to Note 3 for further details.

HEDGING DERIVATIVES

The significant terms and credit ratings of AHFC's hedging derivatives as of June 30, 2010, are shown below:

Related Bond Issue	Effective Dates	Fixed Rate Paid	Variable Rate Received	SWAP Termination Date	Counterparty Credit Rating [7]
GP01A [1]	12/1/2008	2.4530%	67% of 1M LIBOR [4]	12/1/2030	A+/Aa1
GP01B	8/2/2001	4.1427%	67% of 1M LIBOR	12/1/2030	A/A2
E021A1 [2]	10/9/2008	2.9800%	70% of 3M LIBOR [5]	6/1/2032	AAA/Aa1
E021A2	10/9/2008	3.4480%	70% of 1M LIBOR	12/1/2036	A/A2
SC02C [3]	12/5/2002	4.3030%	SIFMA[6] +0.115%	7/1/2022	AA-/Aa1
E071AB	5/31/2007	3.7345%	70% of 3M LIBOR	12/1/2041	AAA/Aa1
E071BD	5/31/2007	3.7200%	70% of 3M LIBOR	12/1/2041	AA-/Aa1
E091A	5/28/2009	3.7610%	70% of 1M LIBOR	12/1/2040	A+/A1
E091B	5/28/2009	3.7610%	70% of 3M LIBOR	12/1/2040	AAA/Aa1
E091AB	5/28/2009	3.7400%	70% of 3M LIBOR	12/1/2040	AA-/Aa1

[1] Governmental Purpose Bonds
[2] Home Mortgage Revenue Bonds
[3] State Capital Project Bonds
[4] London Interbank Offered Rate 1 month
[5] London Interbank Offered Rate 3 month
[6] Securities Industry and Financial Markets Municipal Swap Index
[7] Standard & Poor's/Moody's

The change in fair value and ending balance of AHFC's hedging derivatives as of June 30, 2010, is shown below (in thousands). The fair value is reported as a deferred outflow/inflow of resources in the Statement of Net Assets.

Related Bond Issue	Notional Amounts	Present Values	Fair Values June 30, 2010	Fair Values June 30, 2009	Change in Fair Values
GP01A	$ 61,950	$ 63,958	$ (2,008)	$ 527	$ (2,535)
GP01B	75,700	90,548	(14,848)	(11,906)	(2,942)
E021A1	47,060	50,553	(3,493)	(1,349)	(2,144)
E021A2	120,000	126,965	(6,965)	(2,661)	(4,304)
SC02C	60,250	67,919	(7,669)	(5,157)	(2,512)
E071AB	143,622	171,345	(27,723)	(19,132)	(8,591)
E071BD	95,748	113,627	(17,879)	(12,302)	(5,577)
E091A	72,789	87,082	(14,293)	(9,633)	(4,660)
E091B	72,789	87,251	(14,462)	(10,068)	(4,394)
E091ABD	97,052	115,611	(18,559)	(12,847)	(5,712)
Total	$ 846,960	$ 974,859	$ (127,899)	$ (84,528)	$ (43,371)

As of June 30, 2010, debt service requirements of AHFC's outstanding variable-rate debt and net swap payments are displayed in the following schedule (in thousands). As interest rates vary, variable-rate bond interest payments and net swap payments will also vary.

Year Ending June 30	Outstanding Variable-Rate Debt Principal	Outstanding Variable-Rate Debt Interest	Swap Net Payment	Total Payment
2011	$ 5,710	$ 2,631	$ 27,913	$ 36,254
2012	6,895	2,615	27,739	37,249
2013	12,825	2,590	27,465	42,880
2014	13,390	2,553	27,029	42,972
2015	13,955	2,514	26,573	43,042
2016-2020	101,175	11,837	124,410	237,422
2021-2025	153,340	9,885	102,367	265,592
2026-2030	172,790	7,450	76,782	257,022
2031-2035	168,490	4,678	48,722	221,890
2036-2040	165,115	1,864	20,403	187,382
2041	33,275	96	974	34,345
	$ 846,960	$ 48,713	$ 510,377	$ 1,406,050

Interest Rate Risk

AHFC is exposed to interest rate risk on all of its interest rate swaps. As LIBOR or the SIFMA index decreases, AHFC's net payment on the swaps increases.

Credit Risk

As of June 30, 2010, AHFC is not exposed to credit risk on any swaps because the swaps all have negative fair values. If interest rates rise and the fair values of swaps become positive, AHFC would be exposed to credit risk in the amount of the swaps' fair value. The swap agreements contain varying collateral agreements with the counterparties and require full collateralization of the fair value amount of the swap should the counterparty's rating fall to BBB+/Baa1. AHFC currently has swap agreements with five separate counterparties. Approximately 31 percent of the total notional amount of the swaps is held with one counterparty rated AAA/Aa1. Another 30 percent of the total notional amount of the swaps is held with

another counterparty rated AA-/Aa1. Of the remaining swaps, one counterparty is rated A/A2, another counterparty is rated A+/A1, and the remaining counterparty is rated A+/Aa3, approximating 23 percent, 9 percent, and 7 percent respectively, of the total notional amount of the swaps.

Basis Risk

All of AHFC's variable-rate bond interest payments are based on the tax exempt SIFMA index. Therefore, AHFC is exposed to basis risk on swaps where the variable payment received on the swaps is based on a taxable LIBOR index and does not fully offset the variable rate paid on the bonds, which is based on the SIFMA index. The SC02C swap is based on the SIFMA index and thus is not exposed to any basis risk. As of June 30, 2010, SIFMA was 0.310 percent and 1 month LIBOR was 0.347 percent, resulting in a positive 0.037 percent spread. The 3 month LIBOR was 0.538 percent resulting in a positive 0.228 percent spread between SIFMA and the 3 month LIBOR. The spread between LIBOR and SIFMA has fluctuated since the agreements became effective. As the spread increases, so does the anticipated cost savings from the swaps.

Termination Risk

Termination risk is the risk of an unscheduled termination of a swap prior to its planned maturity. If any of the swaps are terminated, the associated floating rate bonds would no longer carry synthetic fixed interest rates and, AHFC would be exposed to interest rate risk on the bond. This risk is mitigated by the fact that the termination payment could be used to enter into an identical swap at the termination date of the existing swap. Further, if any of the swaps have a negative fair value at termination, AHFC would be liable to the counterparty for payments equal to the swaps' fair value. AHFC or the counterparty may terminate any of the swaps if the other party fails to perform under the terms of the agreement, including downgrades and events of default.

In fiscal year 2009, three swaps were terminated because of bankruptcy events with the counterparties, resulting in AHFC making termination payments totaling $22,181 thousand to the counterparties. AHFC replaced the swaps with new swaps that had provision that resulted in a lower cost overall on the underlying debt. The termination payments were deferred and are being amortized to interest expense over the life of the bonds related to those terminated swaps.

Rollover Risk

Rollover risk occurs when there is a mismatch in the amortization of the swap versus the amortization of the floating rate bonds. AHFC has structured the swaps to amortize at the same rate as scheduled or anticipated reductions in the associated floating rate bonds outstanding. The E021A swaps were set up in several tranches of various sizes that can be cancelled to parallel the redemption of debt from mortgage prepayments. In addition, the GP01A, and GP01B swaps cover only a portion of the total debt issuance, allowing any increase in the speed of mortgage prepayments to be directed to the unswapped portion of the debt.

INVESTMENT DERIVATIVES

The State Capital Project Bonds, 2002 Series B, were fully redeemed in fiscal year 2009, so the associated interest rate swap was no longer a hedging derivative and is accounted for as an investment derivative.

The significant terms and credit ratings of AHFC's investment derivatives as of June 30, 2010, are shown below:

Related Bond Issue	Effective Dates	Fixed Rate Paid	Variable Rate Received	SWAP Termination Date	Counterparty Credit Rating
SC02B	12/5/2002	3.77%	70% of 1M LIBOR	7/1/2024	AA-/Aa1

The change in fair value of the investment derivatives as of June 30, 2010, is shown below (in thousands) and is presented as a net change of hedge termination line in the Statement of Revenues, Expenses, and Changes in Net Assets.

Related Bond Issue	Notional Amounts	Present Values	Fair Values June 30, 2010	Fair Values June 30, 2009	Change in Fair Values
SC02B	$ 14,555	$ 16,923	$ (2,368)	$ (1,574)	$ (794)

Credit Risk

As of June 30, 2010, AHFC is not exposed to credit risk on this outstanding swap because the swap has a negative fair value. If interest rates rise and the fair values of the swap becomes positive, AHFC would be exposed to credit risk in the amount of the swaps' fair value. The swap agreements requires the counterparty to fully collateralize the fair value amount of the swap should the counterparty's rating fall to BBB+/Baa1. The counterparty on this swap is rated AA-/Aa1.

NOTE 7 – DEFINED BENEFIT PENSION PLANS

A. STATE ADMINISTERED PLANS

DESCRIPTION OF PLANS

The Public Employees' Retirement System – Defined Benefit (PERS-DB)

PERS-DB is a defined benefit, cost-sharing, multiple-employer public employee retirement plan established and administered by the State to provide pension and postemployment healthcare benefits for eligible State and local government employees. Benefit and contribution provisions are established by Chapter 35 of Alaska Statute Title 39, and may be amended only by the state legislature. PERS-DB provides for normal pension benefits and postemployment healthcare benefits. The 24th Alaska State Legislature enacted into law Senate Bill 141, which closed the PERS-DB to new members effective July 1, 2006 and created a Public Employees' Retirement System Defined Contribution Retirement Plan (PERS-DCR). Information regarding PERS-DCR is disclosed in Note 8.

Prior to July 1, 2008, PERS was a defined benefit, agent, multiple-employer public employee retirement plan. The Alaska Legislature passed Senate Bill 125, which was signed by the Governor on April 2, 2008. This law converted the PERS to a cost-sharing plan under which the unfunded liability will be shared among all employers. This legislation also established a uniform contribution rate of 22 percent of participating employees' covered payroll.

Prior to July 1, 1997, postemployment healthcare benefits were provided by the payment of premiums to an insurance company. Beginning July 1, 1997, the Retiree Health Fund (RHF), a pension trust fund of the State, was established. The RHF is self-funded and originally provided major medical, dental, vision, audio, and long-term care coverage to retirees of the PERS-DB, TRS-DB, JRS and EPORS Plans. Due to the establishment of the Alaska Retiree Health Care Trust effective July 1, 2007, the RHF now provides major medical coverage to those retirees not eligible to participate in the ARHCT, along with optional dental, vision, audio, and long-term care coverage to all retirees in these plans. The plan retains the risk of loss of allowable claims. The RHF issues a financial report that may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

The PERS-DB Plan is a plan within the Public Employees' Retirement System (PERS). PERS is a component unit of the State of Alaska financial reporting entity. PERS includes the PERS-DB and Alaska Retiree Healthcare Trust Fund. Senate Bill 123 was passed during the 2007 legislative session and created the Alaska Retiree Healthcare Trust (ARHCT). ARHCT is self-funded and provides major medical coverage to retirees of PERS. PERS retains the risk of loss of allowable claims for eligible members. ARHCT began paying member healthcare claims on March 1, 2008. Prior to that time, healthcare claims were paid for by the RHF.

The PERS component unit is comprised of the PERS-DB, PERS-DCR Plans, and the ARHCT. PERS issues a separate stand-alone financial report that includes financial statements and required supplementary information. PERS is also reported as a pension (and other employee benefit) trust fund by the State. Participants should refer to the plan agreement for more

complete information. Copies of the audited financial statements may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

At June 30, 2010 the number of PERS participating employers was:

State of Alaska	3
Municipalities	77
School Districts	53
Other	27
Total Employers	160

PERS-DB employee contribution rates are 6.75 percent of compensation (7.5 percent for peace officers and firefighters and 9.6 percent for some school district employees). The employee contributions are deducted before federal income tax is withheld.

The PERS-DB funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual-covered payroll, are sufficient to accumulate assets to pay both pension and postemployment healthcare benefits when due. Employer contributions are accumulated in both the pension and the healthcare funds based on the approved contribution rate for the fiscal year. The employer rate for the State of Alaska for the year ended June 30, 2010 was capped at 22 percent of compensation.

The state's contributions to PERS-DB for the fiscal years ended June 30, 2010, 2009 and 2008 were $233.1, $224.6, and $218.6 million respectively for the year. For the FY 10 contributions, $84.4 million was for pensions and $148.7 million was for postemployment benefits. The contributions were equal to the required contributions in FY 10.

Alaska Statute 39.35.280 requires that additional state contributions are required each July 1 or as soon after July 1 as funds become available for the ensuing fiscal year that when combined with the total employer contributions is sufficient to pay the PERS-DB past service liability at the contribution rate adopted by the Alaska Retirement Management Board (ARMB) for that fiscal year.

Chapter 12 SLA 2009 appropriated $108.0 million from the General Fund to the PERS-DB as an additional state contribution for FY 10. The portion of this payment attributable to State of Alaska employers is $63,501 thousand, of which $26,145 thousand is for pensions and $37,356 thousand is for postemployment benefits.

Postemployment healthcare benefits are provided to retirees without cost for all employees first hired before July 1, 1986, and employees who are disabled or age 60 or older, regardless of initial hire dates. Employees first hired on or after July 1, 1986, with five years of credited service (or ten years of credited service for those first hired after July 1, 1996) may pay the full monthly premium if they are under age 60, and receive benefits at no premium cost if they are over age 60 or are receiving disability benefits. Police and fire employees with 25 years of membership and all other employees with 30 years of membership service also receive benefits at no premium cost.

The Teachers' Retirement System – Defined Benefit (TRS-DB)

TRS-DB is a defined benefit, cost-sharing, multiple-employer public employee retirement plan established and administered by the State to provide pension and postemployment healthcare benefits for teachers and other eligible participants. Benefit and contribution provisions are established by Chapter 25 of Alaska Statute Title 14 and may be amended only by the state legislature. TRS-DB provides for normal pension benefits, as well as death, disability, and postemployment healthcare benefits. The 24th Alaska State Legislature enacted into law Senate Bill 141, which closed the TRS-DB to new members effective July 1, 2006 and created a Teachers' Retirement System Defined Contribution Retirement Plan (TRS-DCR). Information regarding TRS-DCR is disclosed in Note 8.

Prior to July 1, 1997, postemployment healthcare benefits were provided by the payment of premiums to an insurance company. Beginning July 1, 1997, the Retiree Health Fund (RHF), a pension trust fund of the State, was established. The RHF is self-funded and originally provided major medical, dental, vision, audio, and long-term care coverage to retirees of the PERS-DB, TRS-DB, JRS and EPORS Plans. Due to the establishment of the Alaska Retiree Health Care Trust effective July 1, 2007, the RHF now provides major medical coverage to those retirees not eligible to participate in the ARHCT, along with optional dental, vision, audio, and long-term care coverage to all retirees in these plans. The plan retains the risk of loss

of allowable claims. The RHF issues a financial report that may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

The TRS-DB Plan is a plan within the Teachers' Retirement System (TRS). TRS is a component unit of the State of Alaska financial reporting entity. TRS includes the TRS-DB and Alaska Retiree Healthcare Trust Fund. Senate Bill 123 was passed during the 2007 legislative session and created the Alaska Retiree Healthcare Trust (ARHCT). ARHCT is self-funded and provides major medical coverage to retirees of TRS. TRS retains the risk of loss of allowable claims for eligible members. ARHCT began paying member healthcare claims on March 1, 2008. Prior to that time, healthcare claims were paid for by the RHF.

The TRS component unit is comprised of the TRS-DB, TRS-DCR Plans, and ARHCT. TRS issues a separate stand-alone financial report that includes financial statements and required supplementary information. TRS is also reported as a pension (and other employee benefit) trust fund by the State. Participants should refer to the plan agreement for more complete information. Copies of the audited financial statements may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

At June 30, 2010 the number of participating employers was:

State of Alaska	2
School Districts	53
Other	3
Total Employers	58

TRS-DB Plan members contribute 8.65 percent of their base salary, as required by statute. The employee contributions are deducted before federal income tax is withheld. Eligible employees contribute an additional one percent of their salary under the supplemental contribution provision.

The TRS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as a percent of annual-covered payroll, are sufficient to accumulate assets to pay benefits when due. The employer rate for the State of Alaska for the year ended June 30, 2010 was 12.56 percent of compensation. Employer contributions are accumulated in both the pension and healthcare funds based on the approved contribution rate for the fiscal year.

The state's contributions to TRS-DB for the fiscal years ended June 30, 2010, 2009, and 2008 were $6.1, $6.3, and $6.0, million respectively, equal to the required contributions for each year. For the FY 10 contributions, $2.7 million was for pensions and $3.4 million was for postemployment benefits. The contributions were equal to the required contributions in FY 10.

Alaska Statute 14.25.085 requires that additional state contributions are required each July 1 or as soon after July 1 as funds become available for the ensuing fiscal year that when combined with the total employer contributions is sufficient to pay the TRS-DB past service liability at the contribution rate adopted by the Alaska Retirement Management Board (ARMB) for that fiscal year.

Chapter 12 SLA 2009 appropriated $173.5 million from the General Fund to the TRS-DB as an additional state contribution for FY 10. The portion of this payment attributable to State of Alaska employers is $12,064 thousand, of which $6,988 thousand is for pensions and $5,076 thousand is for postemployment benefits.

Postemployment healthcare benefits are provided without cost to all employees first hired before July 1, 1990, employees hired after July 1, 1990 with 25 years of membership service, and employees who are disabled or age 60 or older, regardless of initial hire dates. Employees first hired after June 30, 1990, may receive postemployment healthcare benefits prior to age 60 by paying premiums.

The Judicial Retirement System (JRS)

JRS is a defined benefit, single-employer retirement system established and administered by the State to provide pension and postemployment healthcare benefits for eligible state judges and justices.

Prior to July 1, 1997, postemployment healthcare benefits were provided by the payment of premiums to an insurance company. Beginning July 1, 1997, the Retiree Health Fund (RHF), a pension trust fund of the State, was established. The RHF is self-funded and originally provided major medical, dental, vision, audio, and long-term care coverage to retirees of the PERS-DB, TRS-DB, JRS and EPORS Plans. Due to the establishment of the Alaska Retiree Health Care Trust effective July 1, 2007, the RHF now provides major medical coverage to those retirees not eligible to participate in the ARHCT, along with optional dental, vision, audio, and long-term care coverage to all retirees in these plans. The plan retains the risk of loss of allowable claims. The RHF issues a financial report that may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

Senate Bill 123 was passed during the 2007 legislative session and which created the Alaska Retiree Healthcare Trust (ARHCT) beginning July 1, 2007. The ARHCT is self-funded and provides major medical coverage to retirees of the JRS. JRS retains the risk of loss of allowable claims for eligible members. ARHCT began paying member healthcare claims on March 1, 2008. Prior to that time, healthcare claims were paid for by the RHF.

JRS is considered a component unit of the State of Alaska financial reporting entity. JRS issues a separate stand-alone financial report that includes financial statements and required supplementary information. JRS is also reported as a pension (and other employee benefit) trust fund by the State. Copies of the audited financial statements may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

Benefit and contribution provisions are established by Chapter 25 of Alaska Statute Title 22 and may be amended only by the state legislature. JRS provides for normal pension benefits, as well as death, disability, and postemployment healthcare benefits.

Members contribute seven percent of their compensation to JRS. The contributions are deducted before federal income tax is withheld. Contributions are not required after members have made contributions for 15 years, or from members first appointed before July 1, 1978.

The JRS funding policy provides for periodic employer contributions at actuarially determined rates that, expressed as percentages of annual-covered payroll, are sufficient to accumulate assets to pay benefits when due. The employer rate for the State of Alaska for the year ended June 30, 2010, was 36.2 percent of compensation. Total contributions for FY 10 were $3.7 million for pensions, and $.8 million for postemployment benefits.

Included in these amounts is $1.5 million appropriated in chapter 12 SLA 2009 from the General Fund to JRS as an additional state contribution for FY 10.

The Schedule of Funding Progress for pension benefits follows (in thousands):

Actuarial Valuation Year Ended June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liabilities (AAL)	Funding Excess (FE)/(Unfunded Actuarial Accrued Liabilities) (UAAL)	Funded Ratio	Covered Payroll	FE/(UAAL) as a Percentage of Covered Payroll
2004	$ 53,601	$69,505	$ (15,904)	77.1%	$6,530	(243.6%)
2006	77,311	111,820	(34,509)	69.1%	7,131	(484.0%)
2008	122,883	130,596	(7,713)	94.1%	10,462	(73.7%)

Postemployment healthcare benefits are provided without cost to retired JRS members. The Schedule of Funding Progress for postemployment healthcare benefits follows (in thousands):

Actuarial Valuation Year Ended June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liabilities (AAL)	Funding Excess (FE)/(Unfunded Actuarial Accrued Liabilities) (UAAL)	Funded Ratio	Covered Payroll	FE/(UAAL) as a Percentage of Covered Payroll
2004	$ 16,855	$ 21,856	$ (5,001)	77.1%	$6,530	(76.6%)
2006	2,399	17,794	(15,395)	13.5%	7,131	(215.9%)
2008	18,353	19,941	(1,588)	92.0%	10,462	(15.2%)

The actuarial valuation as of June 30, 2008 set the contribution rates for the year ended June 30, 2010. The State of Alaska's net pension asset for FY 10 follows (in thousands):

	Pension	OPEB
Annual Required Contribution	$ 5,237	$ 1,433
Interest on net pension asset	(64)	(60)
Adjustment to annual required contribution	75	70
Annual Pension Cost (APC)/OPEB Cost (AOC)	5,248	1,443
Contributions Made	(3,725)	(800)
Increase in Obligation	1,523	643
Net Pension Obligation/(Asset) Beginning of Year	(772)	(725)
Net Pension Obligation/(Asset) End of the Year	$ 751	$ (82)

Three year trend information for these obligations follows (in thousands):

Pension	Year Ended June 30	APC	Percentage of APC Contributed	Net Pension Obligation /(Asset)
	2008	3,892	117.1%	(997)
	2009	4,952	95.5%	(772)
	2010	5,248	71.0%	751

OPEB	Year Ended June 30	AOC	Percentage of AOC Contributed	Net OPEB Obligation /(Asset)
	2008	$ 567	229.8%	$ (736)
	2009	1,422	99.2%	(725)
	2010	1,443	55.4%	(82)

The Alaska National Guard and Alaska Naval Militia Retirement System (NGNMRS)

NGNMRS is a defined benefit, single-employer retirement system established and administered by the State to provide pension benefits for eligible members of the Alaska National Guard and Alaska Naval Militia.

NGNMRS is considered a component unit of the State of Alaska financial reporting entity. NGNMRS issues a separate stand-alone financial report that includes financial statements and required supplementary information. The plan is also reported as a pension (and other employee benefit) trust fund by the State. Copies of the audited financial statements may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

Benefit and contribution provisions are established by Chapter 5 of Alaska Statute Title 26 and may be amended only by the state legislature. NGNMRS provides for normal pension benefits and death benefits. Postemployment healthcare benefits are not provided.

No contributions are required from plan members. NGNMRS's funding policy provides for periodic contributions by Alaska Department of Military and Veterans' Affairs at actuarially determined amounts that are sufficient to accumulate assets to pay benefits when due. State contributions are determined using the entry age normal actuarial funding method.

Chapter 12 SLA 2009 appropriated $1.7 million from the General Fund to the NGNMRS's as an additional state contribution for FY 10.

The Schedule of Funding Progress for pension benefits follows (in thousands):

Actuarial Valuation Year Ended June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio
2004	$ 13,391	$ 19,749	$ (6,358)	67.8%
2006	15,588	25,458	(9,870)	61.2%
2008	28,371	28,905	(534)	98.2%

The actuarial valuation as of June 30, 2008 set the contribution rates for the year ended June 30, 2010. The State of Alaska's net pension obligation for FY 10 follows:

Annual Required Contribution	$	2,415,077
Interest on net pension asset		(151)
Adjustment to annual required contribution		290
Annual Pension Cost (APC)		2,415,216
Contributions Made		(2,603,300)
Decrease in Net Pension Asset		(188,084)
Net Pension Obligation/(Asset) Beginning of Year		(1,839)
Net Pension Obligation/(Asset) End of the Year	$	(189,923)

Three year trend information for pension obligations follows (in thousands):

Year Ended June 30	APC	Percentage of APC Contributed	Net Pension Obligation /(Asset)
2008	$ 1,737	100.0%	$ (2)
2009	2,473	100.0%	(2)
2010	2,415	107.8%	(190)

The Elected Public Officers Retirement System (EPORS)

EPORS is a defined benefit single-employer retirement plan administered by the State to provide pension and post-employment healthcare benefits to the governor, the lieutenant governor, and all legislators that participated in the System between January 1, 1976, and October 14, 1976. EPORS is funded by both employee contributions and an annual appropriation from the state General Fund. Retirement benefits are based on the member's years of service and the current salary for the position from which they retired or an average of the three highest consecutive years' salaries. The pension benefit is equal to five percent for each year of service as governor, lieutenant governor, or a legislator, plus two percent for other covered service, not to exceed 75 percent (AS 39.37.050). The plan also provides death and disability benefits.

Plan members contribute seven percent of their compensation to EPORS. Employee contributions earn interest at 4.5 percent per annum, compounded semiannually. The remaining amount required to pay EPORS benefits is funded by legislative appropriation. The cost to the State for EPORS for the fiscal years ended June 30, 2010, 2009, and 2008 was $2.1 million, $1.8 million, and $1.8 million. In FY10 there was no covered payroll. EPORS is a closed plan and no separate financial statement is issued for EPORS. However, an actuarial valuation on EPORS was performed as of June 30, 2008.

The Schedule of Funding Progress for pension benefits follows (in thousands):

Actuarial Valuation Year Ended June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio
2006	$0	$16,265	$(16,265)	0.0%
2008	0	22,194	(22,194)	0.0%

The Schedule of Funding Progress for postemployment healthcare benefits follows (in thousands):

Actuarial Valuation Year Ended June 30	Actuarial Value of Plan Assets	Actuarial Accrued Liabilities (AAL)	Unfunded Actuarial Accrued Liabilities (UAAL)	Funded Ratio
2006	$0	$2,983	$(2,983)	0.0%
2008	0	5,168	(5,168)	0.0%

Plan benefits for EPORS are not prefunded, but are paid when due. Enough money has been appropriated each year to pay the benefits as they come due; therefore, there is no net pension obligation at the end of the year.

Three year trend information for these obligations follows (in thousands):

Pension	Year Ended June 30	APC	Percentage of APC Contributed	Net Pension Obligation /(Asset)
	2008	$ 1,334	100.0%	$ -
	2009	1,408	100.0%	-
	2010	1,617	100.0%	-

OPEB	Year Ended June 30	AOC	Percentage of AOC Contributed	OPEB Obligation /(Asset)
	2008	$ 413	100.0%	$ -
	2009	424	100.0%	-
	2010	463	100.0%	-

ASSET VALUATION

See Note 4 for information on pension funds' deposits and investments risk categories. The table below discloses the fair value of each pension plan's cash and investments. All amounts are in thousands.

Systems	Fair Value
Public Employees' Retirement System	$9,215,656
Teachers' Retirement System	3,982,836
Judicial Retirement System	112,037
Alaska National Guard and Alaska Naval Militia Retirement System	29,497

PLAN MEMBERSHIPS

The table below includes the plan membership counts. For PERS, TRS and JRS, the counts are from the notes to the separately issued financial statements for the various plans. NGNMRS and EPORS are as of the most recent valuation report date.

	PERS	TRS	JRS	NGNMRS	EPORS
	6/30/09	6/30/09	6/30/08	6/30/08	6/30/08
Retirees & beneficiaries receiving benefits & Terminated members with future benefits	31,581	11,139	95	1,664	38
Current active employees:					
Vested	20,671	5,799	46	*	-
Nonvested	6,894	2,427	27	3,897	-
Total	59,146	19,365	168	5,561	38

* A breakdown of active employees between vested and nonvested was not available for NGNMRS.

FUNDING STATUS AND PROGRESS

Actuarial Method and Assumptions

All systems use the entry age normal actuarial funding method within the valuation reports. The unfunded accrued benefit liability or funding surplus is amortized over a rolling 25 years (NGNMRS is 20 years).

The objective under the entry age normal actuarial funding method is to fund each participant's benefits under the Plan as a level percentage of covered compensation, starting at original participation date, and continuing until the assumed retirement, disability, termination, or death. On introduction, this method produces a liability which represents the contributions which would have been accumulated had this method always been in effect. This liability is generally funded over a period of years as a level percentage of compensation. This component is known as the Amortization Cost Percentage. The total employer appropriation cost of the system is the total of the Normal Cost Percentage and the Amortization Cost Percentage.

The following main assumptions were used in the actuarial valuation.

System	Investment Return Compounded Annually	Salary Scale Increase	Health Care Inflation			Consumer Price Index Inflation	Valuation Date
				Medical	Rx		
PERS	8.25%	Police & Firefighters - 6.5% first 6 yrs, 4.5% thereafter. All Others - 9.5% first 5 yrs, 5.5% for year 6 then grading down to 5.0% and 4.0%.	FY 10	7.5%	9.6%	3.5%	6/30/2009
			FY 11	6.9%	8.3%		
			FY 12	6.4%	7.1%		
				Medical	Rx		
TRS	8.25%	6% first 5 yrs, grading down to 4% after 15 yrs	FY 10	7.5%	9.6%	3.5%	6/30/2009
			FY 11	6.9%	8.3%		
			FY 12	6.4%	7.1%		
				Medical	Rx		
JRS	8.25%	4.0% per year	FY 10	7.5%	9.6%	3.5%	6/30/2008
			FY 11	6.9%	8.3%		
			FY 12	6.4%	7.1%		
NGNMRS	7.25%	–		–		–	6/30/2008
				Medical	Rx		
EPORS	5.00%	4.0 % per year	FY 10	7.5%	9.6%	3.5%	6/30/2008
			FY 11	6.9%	8.3%		
			FY 12	6.4%	7.1%		

For PERS, TRS, and JRS assets are at market value, with 20 percent of the investment gains or losses recognized in each of the current and preceding four years. Valuation assets cannot be outside a range of 80 to 120 percent of the fair value of assets. NGNMRS and JRS assets valuation was changed from using the market value of assets without smoothing of gains and losses to a five year smoothing asset valuation method. This method is being phased in over five years with the first phase-in recognized during FY 07.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continual revisions as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding

progress presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial report purposes are based on the substantive plan and included in the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employer and plan members to that point. The actuarial method and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

B. NON-STATE ADMINISTERED PLANS

THE MARINE ENGINEERS' BENEFICIAL ASSOCIATION (MEBA) PENSION PLAN

The MEBA plan is a defined benefit pension plan administered by MEBA for its members. Engineer Officers of the Alaska Marine Highway System participate in this program and the State contributes an amount (set by union contract) for each employee. The State assumes no liability for this pension plan or its participants other than the payment of required contributions. The State contributed $895.2 thousand in FY 10.

NOTE 8 – DEFINED CONTRIBUTION PENSION PLANS

A. STATE ADMINISTERED PLANS

DESCRIPTION OF PLANS

The Public Employees' Retirement System – Defined Contribution Retirement Plan (PERS-DCR)

PERS-DCR is a defined contribution, cost-sharing, multiple-employer public employee retirement plan established by the State to provide pension and postemployment healthcare benefits for eligible state and local government employees. Benefit and contribution provisions are established by state law and may be amended only by the State Legislature. The 24th Alaska Legislature enacted into law Senate Bill 141, which created PERS-DCR effective July 1, 2006. The PERS-DCR Plan savings are accumulated in an individual retirement account for exclusive benefit of the members or beneficiaries.

The PERS-DCR Plan is a plan within the Public Employees' Retirement System (PERS). PERS is a component unit of the State of Alaska financial reporting entity. The PERS component unit is comprised of the PERS-DB (see note 7), PERS-DCR Plans, and the PERS Retiree Major Medical Insurance Plan and Health Reimbursement Arrangement Plan, and Occupational Death and Disability. PERS is reported as a pension (and other employee benefit) trust fund by the State. PERS separately issued financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Participants should refer to the plan agreement for more complete information. Copies of the audited financial statements and required supplementary information may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

As of June 30, 2010, there were 160 employers participating in PERS-DCR. There were no retirees or beneficiaries currently receiving benefits, 304 terminated plan members entitled to future benefits, and 9,412 active members, of which 8,760 are general employees and 652 are peace officers and firefighters.

PERS-DCR pension contribution rates are eight percent for PERS-DCR members, as required by statute. The employer shall deduct the contribution from the member's compensation at the end of each payroll period, and the contribution shall be credited by the plan to the member's individual account. The contributions shall be deducted from the member's compensation before the computation of applicable federal taxes. An employer shall contribute to each member's individual pension account an amount equal to five percent of the member's compensation. Participant accounts under the PERS-DCR Plan are self-directed with respect to investment options.

On July 1, 2006, three pension trust sub-funds were created within PERS, the Retiree Major Medical Insurance (RMP), Health Reimbursement Arrangement (HRA), and Occupation Death and Disability (OD&D). RMP allows eligible members who retire directly from the plan to obtain medical benefits. The HRA allows medical care expenses to be reimbursed from individual savings accounts established for eligible persons. OD&D provides employees with benefits as a result of death or

disability on the job. PERS-DCR participants are eligible members of RMP and HRA and their postemployment healthcare benefits are paid out of these funds. The employer RMP contribution rate for FY 10 for each member's compensation was 0.83 percent for medical coverage and 0.30 percent for death and disability (1.33 percent for peace officers and firefighters). HRA is $141.64 per month for full time employees and $1.09 per hour for part time employees.

The PERS pension contributions for the year ended June 30, 2010 by the employees were $15,668 thousand and the State of Alaska employers were $9,791 thousand. The PERS other postemployment contributions for the year ended June 30, 2010 were $8,720 thousand.

See note 4 for information on pension funds' deposit and investment risk categories. The fair value of the PERS-DCR cash and investments as of June 30, 2010 is $143,792 thousand. PERS-DCR investments in collective investment funds, held in trust, are stated at fair value based on the unit value as reported by the Trustees multiplied by the number of units held by PERS-DCR. The unit value is determined by the Trustees based on the fair value of the underlying assets. Purchases and sales of securities are recorded on a trade-date basis.

The Teachers' Retirement System – Defined Contribution Retirement Plan (TRS-DCR)

TRS-DCR is a defined contribution, cost-sharing, multiple-employer public employee retirement plan established by the State to provide pension and postemployment healthcare benefits for teachers and other eligible members. Benefit and contribution provisions are established by state law and may be amended only by the State Legislature. The 24th Alaska Legislature enacted into law Senate Bill 141, which created TRS-DCR effective July 1, 2006. TRS-DCR Plan savings are accumulated by an individual retirement account for exclusive benefit of the members or beneficiaries.

The TRS-DCR Plan is a plan within the Teachers' Retirement System (TRS). TRS is a component unit of the State of Alaska financial reporting entity. The TRS component unit is comprised of the TRS-DB (see note 7), TRS-DCR Plans, TRS Retiree Major Medical Insurance Plan and Health Reimbursement Arrangement Plan, and Occupation Death and Disability. TRS is reported as a pension (and other employee benefit) trust fund by the State. TRS separately issued financial statements are prepared using the economic resources measurement focus and accrual basis of accounting. Participants should refer to the plan agreement for more complete information. Copies of the audited financial statements and required supplementary information may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

As of June 30, 2010, there were 58 employers participating in TRS-DCR. There were no retirees or beneficiaries currently receiving benefits, 394 terminated plan members entitled to future benefits, and 2,269 active members.

TRS-DCR pension contribution rates are eight percent for TRS-DCR members, as required by statute. The employer shall deduct the contribution from the member's compensation at the end of each payroll period, and the contribution shall be credited by the plan to the member's individual account. The contributions shall be deducted from the member's compensation before the computation of applicable federal taxes. An employer shall contribute to each member's individual pension account an amount equal to seven percent of the member's compensation. Participant accounts under the TRS-DCR Plan are self-directed with respect to investment options.

On July 1, 2006, two pension trust sub-funds were created in TRS, the Retiree Major Medical Insurance (RMP) and Health Reimbursement Arrangement (HRA). The TRS Occupational Death and Disability (OD&D) trust sub-fund was created on July 1, 2007. RMP allows eligible members who retire directly from the plan to obtain medical benefits. The HRA allows medical care expenses to be reimbursed from individual savings accounts established for eligible persons. OD&D provides employees with benefits as a result of death or disability on the job. TRS-DCR participants are eligible members of RMP and HRA and their postemployment healthcare benefits are paid out of these funds. The employer RMP contribution rate for FY 10 for each member's compensation was 1.03 percent for medical coverage, 0.32 percent for death and disability. HRA is $141.64 per month for full time employees and $1.09 per hour for part time employees.

The TRS pension contributions for the year ended June 30, 2010 by the employees were $241 thousand and the State of Alaska employers were $211 thousand. The TRS other postemployment contributions for the year ended June 30, 2010 were $129 thousand.

See note 4 for information on pension funds' deposit and investment risk categories. The fair value of the TRS-DCR cash and investments as of June 30, 2010 is $62,337 thousand. TRS-DCR investments in collective investment funds, held in trust, are stated at fair value based on the unit value as reported by the Trustees multiplied by the number of units held by

TRS-DCR. The unit value is determined by the Trustees based on the fair value of the underlying assets. Purchases and sales of securities are recorded on a trade-date basis.

Supplemental Benefits System

In addition to the pension plans (note 7) and deferred compensation plan (note 9), all state employees, as well as employees of political subdivisions which have elected to participate in the program, are covered under the Alaska Supplemental Benefits System (SBS). SBS is comprised of the Supplemental Annuity Plan and the Supplemental Benefits Plan. The Supplemental Annuity Plan is a defined contribution plan that was created under Alaska statutes effective January 1, 1980, to provide benefits in lieu of those provided by the federal Social Security System (Social Security). All state employees, who would have participated in Social Security if the State had not withdrawn, participate in SBS. Other employers whose employees participate in the State Public Employees' Retirement System and meet other requirements are eligible to have their employees participate in SBS as provided by Alaska Statute. As of January 31, 2010, there were nineteen other employers participating in SBS. There were approximately 38,000 participants in the Plan.

The Division of Retirement and Benefits is responsible for administration and record keeping. Through September 30, 2005, the Alaska State Pension Investment Board (ASPIB) was responsible for the specific investment of monies in SBS. Effective October 1, 2005, ASPIB was disbanded and their duties were assumed by the Alaska Retirement Management Board.

SBS is considered a component unit of the State financial reporting entity. SBS issues a separate stand-alone financial report that includes financial statements and required supplementary information, and SBS is also reported as a pension (and other employee benefit) trust fund by the State. Copies of the audited financial statements may be obtained from the Division of Retirement and Benefits, P.O. Box 110203, Juneau, AK 99811-0203.

Mandatory contributions are made to the Supplemental Annuity Plan and voluntary contributions to the Supplemental Benefits Plan. Participating employees are vested at all times. Supplemental Annuity Plan contributions are made in lieu of contributions to Social Security. The State is required to contribute 12.26 percent of an employee's wages up to the taxable wage base in effect under Social Security regulations. Each employee is considered to have agreed to a wage reduction equal to one-half the contribution made on the employee's behalf. The State's mandatory contributions for the year ending January 31, 2010, were $126,668 thousand. The state's covered payroll was approximately $1,033,178 thousand.

Supplemental Benefit Plan contributions are voluntary based upon the optional benefits elected by each employee enrolled in SBS. Each employee agrees to a wage reduction based upon the benefit options selected. The benefit amounts are deducted from each employee's wages and remitted by the employer to SBS on the employee's behalf. State employee voluntary contributions for the year ending January 31, 2010, were $3,446 thousand.

Employees are eligible to withdraw from the Supplemental Annuity Plan 60 days after termination. Benefits are payable in the form of a lump sum annuity or one of various continuing annuities purchased from an insurance carrier, which are excluded from Plan assets. The SBS administrator issues lump-sum payments through its contracted record keeper.

Benefits available under the Supplemental Benefits Plan include death, disability, survivor benefits, and dependent care reimbursement. Selection of these benefits is at the discretion of the employee, with certain restrictions, and may be amended and/or changed on an annual basis or in conjunction with an employee change in status. All other supplemental benefits, except dependent care reimbursement, are provided through insurance policies. The State administers the Dependent Care Assistance Program.

Supplemental annuity contributions were deposited with investment managers under contract with SBS for the year ended January 31, 2010. Participant accounts under the Supplemental Annuity Plan are self-directed with respect to investment options. Each participant designates how contributions are allocated among the investment options. Each participant's account is credited with the contributions, the increase or decrease in unit value for the investment funds, and reduced for administrative fees.

B. NON-STATE ADMINISTERED PLANS

THE NORTHWEST MARINE RETIREMENT TRUST (NMRT)

NMRT is an agent multiple-employer pension plan with defined contributions and is administered by the Pacific Northwest Marine Retirement Trust. The State assumes no liability for this pension plan or its participants other than the payment of required contributions. The State contributed $947 thousand in FY 10.

NOTE 9 – DEFERRED COMPENSATION PLAN

The State of Alaska Deferred Compensation Plan was created by Alaska statutes. It is a deferred compensation plan under Section 457 of the Internal Revenue Code. It is available to all permanent and long term non-permanent employees, and elected officials of the State (and with the March 1, 2006 amendment, members of State of Alaska boards and commissions) who have completed a pay period of employment. Participants authorize the State to reduce their current salary so that they can receive the amount deferred at a later date. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency, within the definition allowed by the applicable Internal Revenue Code. As of December 31, 2009 the Deferred Compensation Plan had approximately 9,000 participants.

As a result of the passage of The Small Business Job Protection Act of 1996 (SBJPA), all amounts deferred, including amounts deferred before the effective date of the law, under an eligible 457 plan must be held in a trust for the exclusive benefit of employees and beneficiaries. This law repealed the requirement that a Section 457 plan sponsored by a government be solely the property of the employer, subject only to the claims of the employer's general creditors. The trust requirement generally applies to assets and income held by a plan on and after the date of enactment of the SBJPA. The Plan Document for the State of Alaska Deferred Compensation Plan was amended to recognize and establish the trust requirement for the Deferred Compensation Plan.

The Division of Retirement and Benefits is responsible for Deferred Compensation Plan administration and recordkeeping. The Alaska State Pension Investment Board (ASPIB) was responsible for the specific investment of monies in the Deferred Compensation Plan through September 30, 2005. Effective October 1, 2005 the ASPIB was disbanded and their duties were assumed by the Alaska Retirement Management Board.

Participant accounts are self-directed with respect to investment options. Each participant designates how his or her contribution is to be allocated among the investment options. Each participant's account is credited with the participant's contributions and the increase or decrease in unit value for the investment funds and deductions for administrative fees.

Deferred Compensation Plan net assets as of December 31, 2009 were $521,692 thousand. The Deferred Compensation Plan is reported in the accompanying financial statements as a pension (and other employee benefit) trust fund.

NOTE 10 – INTERFUND TRANSACTIONS

The following schedules summarize individual interfund receivable and payable balances at June 30, 2010, and interfund transfers for the year then ended (in thousands):

INTERFUND RECEIVABLE / PAYABLE BALANCES

	Due from Other Funds					
Due to Other Funds	General Fund	Nonmajor Governmental Funds	Nonmajor Enterprise Funds	Internal Service Funds	Fiduciary Funds	Total
General Fund	$ -	$ 2,051	$ 619	$ 9,899	$ 32,845	$ 45,414
Alaska Permanent Fund	857,983	-	-	-	-	857,983
Nonmajor Governmental Funds	19,628	-	-	-	-	19,628
International Airports	42,161	-	-	-	-	42,161
Nonmajor Enterprise Funds	3,471	-	-	-	-	3,471
Internal Service Funds	786	-	-	-	-	786
Fiduciary Funds	26,545	-	-	-	-	26,545
Other	33,593	-	-	(361)	15,337	48,569
Total	$ 984,167	$ 2,051	$ 619	$ 9,538	$ 48,182	$ 1,044,557

The $858 million balance due from the Alaska Permanent Fund to the General Fund includes $815.9 million for payment of 2010 Permanent Fund dividends to qualified residents of the State. The balance is for administrative and associated costs of the 2010 Permanent Dividend Program.

The majority of the "Other" due from Other Funds and due to Other Funds balances are attributable to FY 10 activity during the reappropriation period in July and August 2010 that caused the movement of cash balances between funds after June 30, 2010. The amounts reported as "Other" are reconciling amounts resulting from reporting differences for certain funds included in the fund financial statements at June 30, 2010.

INTERFUND TRANSFERS

	Transfers to						
Transfers From	General Fund	Nonmajor Governmental Funds	International Airports	Nonmajor Enterprise Funds	Internal Service Funds	Other	Total
General Fund	$ -	$ 46,980	1,381	$ 622	$ 11,014	$ 17	$ 60,014
Alaska Permanent Fund	857,983	-	-	-	-	-	857,983
Nonmajor Governmental Funds	3,715	9,007	-	-	-	-	12,722
International Airports	10	-	-	-	-	(10)	-
Nonmajor Enterprise Funds	1,926	-	-	-	-	(421)	1,505
Fiduciary Funds	4,394	-	-	-	-	(4,394)	-
Total	$ 868,028	$ 55,987	$ 1,381	$ 622	$ 11,014	$ (4,808)	$ 932,224

The general purpose for transfers is to move monies from funds required by statute to collect them to the funds required by statute or budget to expend them, to move receipts restricted to debt service from the funds collecting the receipts to the Debt Service Fund as debt service payments come due, and transfer accumulated surpluses from "Other" funds to the General Fund.

The transfer from Alaska Permanent Fund to the General Fund includes a $857.9 million transfer for payment of the Permanent Fund dividends and for administrative and associated costs of the dividend program.

The transfer from International Airports to "Other" represents an amount for the Art in Public Places Fund not reported as a transfer out in the International Airports Fund.

The transfer from the fiduciary funds to "Other" represents the activity to the General Fund not reported in the financial statements.

The transfer from the Unemployment Compensation Fund to "Other" represents the difference reported between the General Fund and Unemployment Compensation Fund.

The transfer from General Fund to "Other" represents a transfer to Knik Arm Bridge and Toll Authority for employer relief not recorded as a transfer by Knik Arm Bridge and Toll Authority.

NOTE 11 – RELATED PARTY ACTIVITY

Pursuant to understanding and agreements between the Alaska Industrial Development and Export Authority (AIDEA) and Alaska Energy Authority (AEA), AIDEA provides administrative, treasury, personnel, data processing, communications and other services to AEA. During FY 10, AEA expensed $5.2 million for such services. During FY 10, AEA capitalized $7 thousand for such services. AEA has a borrowing arrangement with AIDEA to provide working capital funds. At June 30, 2010 AEA had $1.8 million payable to AIDEA for services and borrowings.

On July 17, 2009, the Alaska Student Loan Corporation (ASLC) entered into a Trust and Loan Agreement with the State of Alaska Department of Revenue. The Loan Agreement provides up to $100 million to ASLC for the purposes of financing education loans. The loan is a four-year bullet loan accruing interest on the outstanding principal balance using a variable rate of interest equal to the most current rolling five-year average return on the State's General Fund. The initial interest rate was set at 4.29 percent and will be reset annually in July. Interest is payable semi-annually in January and July. ASLC has the right to prepay the loan, in whole or in part, at any time, without penalty or premium. A Trust Agreement was entered into to secure payment of the loan. Loan proceeds drawn are deposited in the trust until education loans are originated. Education loans originated with loan proceeds, payments received on those loans, and earnings on pledged assets are all pledged to the trust.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

A. SICK LEAVE

The cost of state employee sick leave is charged against agency appropriations when leave is used rather than when leave is earned. There is no recorded liability for sick leave in the financial records of the State. Accordingly, the statements in this report do not include an estimate of this obligation as either a liability or a reserve.

The estimated amount of unused accumulated sick leave as of June 30, 2010, is $25,452 thousand. This amount was calculated using the base pay on file for each employee as of June 30, 2010. It does not include an estimate of the cost of fringe benefits (supplemental benefits, retirement, group insurance, etc.) which can vary depending on the status of the employee when leave is taken.

B. SCHOOL DEBT

Under a program enacted in 1970 (AS 14.11.100), the State may reimburse municipalities up to 60, 70, 80, 90, or 100 percent of debt service on bonds issued to finance school construction. The percentage depends on the year in which the costs are incurred. The 60 percent limitation, enacted in 2002, applies to fiscal years after June 30, 1999. The higher percentages apply to earlier years.

Although the statute provides that the State may reimburse school districts 60, 70, 80, 90, or 100 percent of construction costs, the actual funding for the program is dependent on annual legislative appropriations to the school construction account.

When amounts in the account are insufficient, the available funds are allocated pro rata among the eligible school districts. There is no contractual commitment by the State to make these payments. The amount for FY 10 expended for school debt was $95,789 thousand, which was 100 percent of the entitlement. The total debt requirement, assuming the State makes full payment of its share of school debt service, would be approximately $1,230,406 thousand. The State has in the past and may in the future appropriate less than the full amount to which the municipalities are entitled under statute.

C. RISK MANAGEMENT AND SELF-INSURANCE

The state maintains a risk management program that is administered by the Department of Administration, Division of Risk Management. The Division of Risk Management's objective is to protect the financial assets and operations of the State of Alaska from accidental loss through a comprehensive self-insurance program for normal and expected property and casualty claims of high frequency and low severity, combined with high-limit, broad-form excess insurance protection for catastrophic loss exposures.

Risk Management acts as the insurance carrier for each state agency, funding all sudden and accidental property and casualty claims. The annual premiums allocated by Risk Management are the maximum each agency is called upon to pay. This planning for known and catastrophic losses forestalls the need for the affected agency to request a supplemental appropriation or disrupt vital state services after a major property loss, adverse civil jury award, or significant workers' compensation claim.

By effectively managing the state's property and liability exposures through a comprehensive self-insurance program, Risk Management expends less public funds than would be paid to private insurance companies, while at the same time providing streamlined claims services utilizing professional adjusting firms located throughout Alaska.

Property insurance with all-risk (including earthquake and flood) coverage is provided on a replacement cost basis for all state-owned or leased property; buildings (including contents, museum fine arts, etc.), aircraft, watercraft (Alaska Marine Highway System ferries and other agency vessels), and large highway bridges.

Casualty coverages protect each state agency and their personnel from third-party civil (tort) liability claims alleged to have arisen from combined liability - general (premises/operations), automobile, professional (errors and omissions), medical malpractice, aviation (aircraft and airport), or marine (crew and passenger injuries).

Additional specialty coverage include blanket public employee faithful performance and custom bonding, accidental death and disability (including medical expenses) for volunteers, computer fraud and foreign liability, etc. These insurance programs continually evolve, responding to new activities and special projects undertaken by each state agency. The state has not incurred a loss in excess of its insurance program.

In FY 10, the state completely self-insured all statutory workers' compensation claims, general (premises and operations) and professional liability, and automobile liability. The State had Self-Insured Retention (SIR) levels of $1 million per claim for property, $750 thousand for marine risks, and $250 thousand per incident for airport and aviation liability exposures. Limits of excess insurance vary by risk: $500 million per occurrence for marine, $200 million for property, and $500 million for aviation.

Both domestic and international insurance companies and various Lloyd's of London underwriting syndicates participate in the State of Alaska's excess insurance program. Independent brokers provide marketing. The state obtains an annual independent actuarial assessment of the state insurance program as required by AS 37.05.287(b) which calculates unfunded claims and allocated loss adjustment expenses (ALAE).

An unconstrained audit of the State of Alaska's overall property and casualty insurance program performed by an independent risk management consultant found the retention levels and excess insurance coverage purchased are appropriate.

Risk Management's budget is funded entirely through interagency receipts annually billed to each agency through a "Cost of Risk" premium allocation system. The Risk Management information system generates the annual cost of risk allocation to each agency, reflecting their proportionate share of the state's overall cost of risk. Designed to achieve equitable distribution of the self-insurance program costs, it factors exposure values subject to loss and considers the past five years actual claims experience incurred by each department.

For most cost of risk allocations, 80 percent of the premium billing is based on the average of the past five years actual claims experience. This provides a direct fiscal incentive to each agency to reduce or control their claim costs.

The program compiles a property inventory schedule of all owned or leased buildings used or occupied by state agencies, listing age and type of building construction, occupancy, fire protection services and sprinkler systems, and projected replacement cost value. Individual premiums are then determined and, in cases of multiple occupancy, allocated to each department on the basis of their square foot use.

The "Cost of Risk" premium is collected through two methods from individual state agency operating budgets. Reimbursable Services Agreements (RSAs) are used for all categories of insurance other than Workers' Compensation and Combined Liability (general, auto, and professional), which are assessed on a rate per $100 payroll applied monthly to each agency's actual payroll until the allocated premium is paid.

The table below presents changes in policy claim liabilities for the fiscal years ending June 30, 2009 and June 30, 2010. The state records its related liability using discounted amounts provided by actuaries. The amount of unpaid claim liabilities for Risk Management are presented at their present value using a 3.5 percent discount interest rate for FY 09 and a 3.0 percent discount interest rate for FY 10. Claims payment amounts include allocated loss adjustment expenses (legal and adjusting).

Fiscal Year	Beginning Balance	Current Year Claims and Changes in Estimates	Claim Payments	Ending Balance
2009	$ 57,302,750	$ 38,970,882	$ (33,115,226)	$ 63,158,406
2010	63,158,406	41,560,102	(32,517,581)	72,200,927

D. LITIGATION

The State is involved in a number of legal actions. The Department of Law estimates the probable maximum liability for the cases associated with the governmental fund types to be approximately $2,886 thousand, with an additional possible liability of $6,817 thousand. The probable loss amount has been reported as long-term debt obligations.

The amount of revenue recognized by the Northern Tobacco Securitization Corporation could be adversely impacted by certain third party litigation involving tobacco companies and others.

E. FEDERAL GRANTS

The State has received federal grants for specific purposes that are subject to review and audit by the grantor agencies. Although such audits could generate expenditure disallowance under terms of the grants, it is believed that any required reimbursements will not be material.

F. DISASTER RELIEF FUND

The State may be liable to reimburse communities for expenditures related to disasters in excess of the amount allocated by the State.

G. FUTURE LOAN COMMITMENTS

As of June 30, 2010, the Alaska Clean Water and the Alaska Drinking Water Funds are committed to funding loans for which they have entered into agreements for communities but funds have not yet been disbursed. The total amounts to be disbursed under these agreements is uncertain as not all of the loans are expected to be fully drawn and some loans may increase with changes in scope of the underlying projects; accordingly, they are not included in the financial statements for these funds.

At June 30, 2010, the Alaska Energy Authority had open loan commitments of $12,947 thousand.

At June 30, 2010, the Alaska Industrial Development and Export Authority (AIDEA) had extended loan commitments of $8,513 thousand and loan guarantees of $708 thousand. Under an agreement dated August 2009, AIDEA agreed to sell the

Healy Project to Tri-VEC for $50 million, finance the sale, and loan up to an additional $45 million to refurbish, put into operation, and integrate the Healy Project into Golden Valley Electric Association's system.

In addition, AIDEA has legislative authorization to guarantee loans made to the Alaska Insurance Guarantee Association (AIGA). The AIGA pays, from assessments to member insurers, the claims of insurance companies put into liquidation by insurance regulators. Any guarantee is limited to loans necessary to make the AIGA financially able to meet cash flow needs up to a maximum outstanding principal balance at anytime of $30,000 thousand. No loans have been made pursuant to this authorization.

H. INVESTMENT COMMITMENTS

The Alaska Retirement Management Board (ARMB) has entered into agreements with external investment managers to provide funding for future investments.

	Amounts in thousands			
Investment Type/Term	PERS	TRS	JRS	NMRS
Domestic Equity Limited Partnerships				
Withdrawn annually in December with 90-days notice.	$ 25,218	$ 10,906	$ 307	$ 69
Limited Partership				
To be paid through 2020.	561,233	243,450	6,817	-
To be paid through 2017.	29,147	12,700	359	-
Real Estate Investment				
To be paid through 2019	125,100	52,787	1,416	-
	$ 740,698	$ 319,843	$ 8,899	$ 69

I. POLLUTION REMEDIATION

Governmental Accounting Standards Board Statement (GASBS) 49 provides guidance for state and local governments in estimating and reporting the potential costs of pollution remediation. While GASBS 49 does not require the state to search for pollution, it does require the state to reasonably estimate and report a remediation liability when an obligating event occurs.

The State has the knowledge and expertise to estimate the remediation obligations presented in the statements based on prior experience in identifying and funding similar remediation activities. The standard requires the State to calculate pollution remediation liabilities using the expected cash flow technique. Where the State cannot reasonably estimate a pollution remediation obligation, it does not report a liability. This has occurred within two funds.

The Alaska Mental Health Trust Authority (AMHTA) has been notified by State agencies of possible obligations for pollution remediation activities on specifically identified parcels of AMHTA lands. There are several sites used by previous parties that require environmental review, subsequent remedial investigations and feasibility study and remediation and restoration of the sites. AMHTA intends to seek reimbursement of pollution remediation costs from responsible parties and any remaining costs will be recognized by the Trust. While an obligating event, as defined by GASBS 49 has occurred, no liability has been recognized by AMHTA because the amounts are not material to the financial statements.

The University of Alaska received a potentially responsible party letter from the Alaska Department of Environmental Conservation in August of 2006. The letter identified the University of Alaska as one of the potential parties that may be responsible for cleanup of costs of soil contamination found during a water line improvement project next to Northwest Campus property. The extent of the contamination source, the number of potentially responsible parties, and remediation costs are being assessed but the outcome is unknown.

The remediation obligation estimates that appear in this report are subject to change over time. Cost may vary due to price fluctuations, changes in technology, changes in potential responsible parties, results of environmental studies, changes to statutes or regulations or other factors. Prospective recoveries from responsible parties may reduce the State's obligation.

At July 1, 2009, the General Fund had pollution remediation obligations of $43,130 thousand. As of June 30, 2010, the state had an increase to the obligation of $19,273 thousand and recognized a decrease of $9,087 thousand, for an ending balance of $53,316 thousand in pollution remediation obligation related activities. The state has an estimated potential recovery of $5,098 thousand from other responsible parties.

At July 1, 2009, the International Airports Fund (IAF) reported pollution remediation liabilities of $1,518 thousand for which IAF is in whole or in part a responsible. As of June 30, 2010 IAF had recognized an increase of $155 thousand and a decrease of $244, including an estimate of $30 thousand expected to be collected from third parties, for an ending balance of $1,429 thousand. The estimated liabilities were measured using the estimated mean of the future cash flows of costs and recovery associated with those sites, measured at current value. This accrual includes the estimated obligation for five sites. IAF has also identified 22 other sites for which it is in whole or in part a responsible party, but for which no obligating event has occurred.

At December 31, 2008, the Alaska Railroad Corporation had pollution remediation obligations of $2,161 thousand. As of December 31, 2009, the Alaska Railroad Corporation had additional obligations of $459 thousand and reductions in obligations of $267 thousand, for an ending liability of $2,353 thousand. The Alaska Railroad Corporation estimated the liability for pollution remediation by estimating a reasonable range of potential outlays and multiplying those outlays by the probability of occurring reduced by the allocation of liability to other potentially responsible parties where applicable. The liabilities of these sites could change over time due to changes in costs of goods and services, changes in remediation technology, or changes in laws and regulations governing the remediation efforts.

J. ENCUMBRANCES

The State of Alaska utilizes encumbrance accounting to identify fund obligations.

The following shows encumbrances within the restricted and committed fund balances of the governmental funds for the fiscal year ended June 30, 2010 (in thousands):

	Amount (in thousands)
General Fund	$ 760,632
Alaska Permanent Fund	-
NonMajor Governmental Funds	103,200
Total Encumbrances	$ 863,832

NOTE 13 – SUBSEQUENT EVENTS

A. ALASKA MUNICIPAL BOND BANK AUTHORITY

Subsequent to June 30, 2010, Senate Bill 230, Section 30, appropriated $2,450 thousand from the General Fund to the Alaska Municipal Bond Bank Authority (AMBBA) for purposes of making a direct loan to the city of Galena. Loan repayments will be included in the statutorily defined revenues of the Bond Bank. This loan closed on July 28, 2010.

AMBBA approved loans to the following communities:

- Unalaska, Aleutians East Borough and to the City of King Cove in the amount of $11,975 thousand that were funded by the 2010 Series Three A&B Bond issues closed on September 16, 2010.
- Kenai Peninsula Borough, City of Ketchikan, Ketchikan Gateway Borough, City and Borough of Sitka, and to the City of Soldotna in the amount of $79,723 thousand funded from the 2010 Series Four A&B bonds scheduled to close on December 9, 2010.

Effective November 20, 2010, the Department of Revenue and AMBBA entered into a memorandum of understanding in which the General Fund made a loan to AMBBA in the amount of $6 million. The term of the loan is for 5 years, shall bear

interest at the rate earned by the General Fund over the term, payments may be made in periodic installments at June 30 of each year, or in full at the end of the term of the loan.

B. ALASKA CLEAN WATER FUND

Pursuant to legislative authorization obtained during the 2010 session of the Alaska Legislature, plans are in place to issue Series A Revenue Bond Anticipation Notes for fiscal year 2011 in an amount not to exceed $2,700 thousand. Although this transaction has not yet been finalized, the issuance of the bonds will occur in mid-fiscal year 2011. The borrowing is to be secured by interest earnings of the Alaska Clean Water Fund.

C. ALASKA DRINKING WATER FUND

Pursuant to legislative authorization obtained during the 2010 session of the Alaska legislature, plans are in place to issue Series A Revenue Bond Anticipation Notes for fiscal year 2011 in an amount not to exceed $2,963 thousand. Although this transaction has not yet been finalized, the issuance of the bonds is expected to occur in mid-fiscal year 2011. The borrowing is to be secured by interest earnings of the Alaska Drinking Water Fund.

D. ALASKA HOUSING FINANCE CORPORATION

In September 2010, the Corporation will issue $142,930 thousand Mortgage Revenue Bonds, 2009 Series A-1 and 2010 Series A and B. The bonds will be general obligations of the Corporation and will bear interest at fixed rates payable each June 1 and December 1. The bonds will mature on December 1, 2041, December 1, 2027, and December 1, 2040, respectively.

In November 2010, as authorized by Senate Bill 217, Alaska Housing Finance Corporation entered into a Purchase and Sale agreement in the amount of $12 million to purchase the building that the Corporation currently occupies at 4300 Boniface Parkway. After a due diligence period and building inspection are completed, it is anticipated that the purchase will be finalized in January, 2011.

E. ALASKA ENERGY AUTHORITY

Pursuant to an agreement, on September 30, 2010 for $20,631 thousand Alaska Energy Authority (AEA) sold to Alaska Industrial Development and Export Authority (AIDEA), thirty-seven (37) Power Project Fund loans with an outstanding balance of $24,254 thousand, plus accrued interest. Under the agreement, at AIDEA's request, AEA is required to repurchase any loan upon a payment default.

F. ALASKA INDUSTRIAL DEVELOPMENT AND EXPORT AUTHORITY

Pursuant to an agreement on September 30, 2010 for $20,631 thousand the Authority purchased from AEA, thirty seven (37) loans with an outstanding balance of $24,254 thousand, plus accrued interest. Under the agreement, at AIDEA's request, AEA is required to repurchase any loan upon a payment default.

G. INTERNATIONAL AIRPORTS SYSTEM

On September 29, 2010, the Airports System closed a bond sale transaction to effect the refunding of $145,085 thousand of outstanding bonds payable and to provide $32,105 thousand funding for new and ongoing capital projects. The refunding transaction resulted in an estimated total net increase in debt service of $13.8 million, with a net present value savings of approximately $7.7 million dollars.

H. ALASKA RAILROAD CORPORATION

The Alaska Railroad Corporation has evaluated subsequent events from the balance sheet date through March 24, 2010, the date at which the financial statements were available to be issued, and determined there are no other items requiring disclosure.

I. STATE OF ALASKA – GENERAL OBLIGATION BONDS

A ballot measure, Bonding Proposition B, was approved by the voters in the 2010 general election held on November 2nd, authorizing the State of Alaska to issue its general obligation bonds in the principal amount of not more than $397,200 thousand for the purpose of design and construction of library, education, and educational research facilities. As a result, the State of Alaska plans to issue three general obligation bond series estimated as follows:

- General Obligation Bonds, Series 2010A, in the face amount of $137,415 thousand, of taxable Build America Bonds–Direct Payment expected to mature 2030 to 2034.
- General Obligation Bonds, Series 2010B, in the face amount of $45,000 thousand, of taxable qualified school construction bonds expected to mature 2027 to 2029.
- General Obligation Bonds, Series 2010C, in the face amount of $17,585 thousand expected to mature no later than 2013.

Required Supplementary Information

	Original Budget	Final Budget	Actual	Variance with Final Budget
REVENUES				
Unrestricted:				
Taxes	$ 1,727,274	$ 1,727,391	$ 4,053,861	$ (2,326,470)
Licenses and Permits	125,789	123,691	113,995	9,696
Charges for Services	201,116	198,049	163,896	34,153
Fines and Forfeitures	15,300	15,300	14,637	663
Rents and Royalties	1,265,596	1,265,431	1,544,561	(279,130)
Premiums and Contributions	182	178	16,348	(16,170)
Interest and Investment Income	594,100	594,100	925,117	(331,017)
Payments In from Component Units	14,906	14,906	14,982	(76)
Other Revenues	17,002	17,002	7,236	9,766
Restricted:				
Federal Grants in Aid	7,039,125	7,280,293	2,267,183	5,013,110
Interagency	764,993	1,221,428	667,117	554,311
Payments In from Component Units	104,732	104,730	25,556	79,174
Other Revenues	3,662	3,662	-	3,662
Total Revenues	11,873,777	12,566,161	9,814,489	2,751,672
EXPENDITURES				
Current:				
General Government	830,210	831,530	662,701	168,829
Alaska Permanent Fund Dividend	822,537	823,350	817,162	6,188
Education	935,256	2,154,215	2,013,904	140,311
University	477,154	518,283	402,851	115,432
Health and Human Services	2,766,643	2,923,521	2,341,787	581,734
Law and Justice	265,792	362,122	330,960	31,162
Public Protection	945,028	1,231,252	1,011,585	219,667
Natural Resources	619,617	685,368	382,645	302,723
Development	732,158	865,988	462,191	403,797
Transportation	5,852,595	6,371,515	2,178,564	4,192,951
Intergovernmental Revenue Sharing	122,337	182,392	181,890	502
Debt Service:				
Principal	7,671	8,171	6,310	1,861
Interest and Other Charges	2,201	2,201	2,201	-
Total Expenditures	14,379,199	16,959,908	10,794,751	6,165,157
Excess (Deficiency) of Revenues Over Expenditures	(2,505,422)	(4,393,747)	(980,262)	(3,413,485)
OTHER FINANCING SOURCES (USES)				
Transfers In from Other Funds	2,077,505	2,479,120	2,677,488	(198,368)
Transfers (Out to) Other Funds	(1,863,457)	(1,863,457)	(1,863,457)	-
Total Other Financing Sources and Uses	214,048	615,663	814,031	(198,368)
Excess (Deficiency) of Revenues, Other Financing Sources, Special Items, Over (Under) Expenditures, Other Financing Uses and Special Items, Budgetary Basis	$ (2,291,374)	$ (3,778,084)	(166,231)	$ (3,611,853)
RECONCILIATION OF BUDGETARY/ GAAP REPORTING:				
Adjust Expenditures for Encumbrances			1,847,998	
Basis Difference			(469,867)	
Excess (Deficiency) of Revenues, GAAP Basis			1,211,900	
Fund Balances - Beginning of Year			14,324,236	
Fund Balances - End of Year			$ 15,536,136	

Note to Required Supplementary Information – Budgetary Reporting
For the Fiscal Year Ended June 30, 2010

The Budgetary Comparison Schedule – General Fund presents comparisons of the original and final adopted budget with actual data on a budgetary basis. The State issues a separate legal basis budgetary report, which demonstrates legal compliance with the budget. A copy of this report may be obtained by contacting the State of Alaska, Department of Administration, Division of Finance, P.O. Box 110204, Juneau, AK 99811-0204, or may be viewed online at *http://dof.doa.alaska.gov/dof/financial_reports/cafr_toc.jsp*, the Division of Finance web page under the "Of Interest", "Financial Reports" section.

The legislature's legal authorization (appropriations) to incur obligations is enacted on a basis inconsistent with Generally Accepted Accounting Principles (GAAP). The reconciliation of the budgetary basis to GAAP is shown directly on the Budgetary Comparison Schedule – General Fund. Both the annual operating budget and the net continuing total budget are included.

The types of differences are as follows:

- Encumbrances are included for total authorized expenditures, although for GAAP purposes they are excluded.

- There was financial activity related to reimbursable services agreements (RSA) and interfund transactions that were recorded in the general fund and in other funds. For budgetary purposes, that activity was left in the general fund, but for GAAP purposes it was eliminated from the general fund.

- Basis differences arise when the budgetary basis of accounting differs from the basis of accounting applicable to fund type when reporting on operations in accordance with GAAP. This difference is comprised of the following in the general fund (in thousands):

Petroleum Severance Taxes and Royalties	$ (467,620)
Medical Assistance Program	7,666
Working Reserve	(6,043)
Tobacco Tax	(40)
Alcohol Tax	(1,358)
Tire Tax	3
Vehicle Rental Tax	117
Commercial Passenger Vessel Excise Tax	(2,592)
Total General Fund Basis Difference	$ (469,867)

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Combining Fund Statements

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General Fund

The General Fund is the State's primary operating fund. All public monies and revenues coming into the state treasury not specifically authorized by statute to be placed in a special fund constitute the General Fund. Unlike other funds held in the name of the State, the General Fund has become a fundamental component of our fund structure without benefit of formal creation by the Constitution or the Alaska Statutes.

There are several accounts and funds that have been created by law which are considered a part of the General Fund. These are treated as subfunds of the General Fund and are accounted for as individual funds for accounting purposes but they are included in the General Fund for annual financial reporting purposes. The following lists those funds and accounts.

- **Adak Airport Operations Fund (Fund 11181)** – PL 101-510 – The Alaska Department of Transportation and Public Facilities and the United States Department of Defense entered into a cooperative agreement under which the State will undertake operation and maintenance of a portion of the former Naval Air Facility known as the Adak Airport. In accordance with the agreement, the Navy paid the State $10,000,000 to operate and maintain the airport.
- **Alaska Capital Income Fund (Fund 11185)** – AS 37.05.565 – Administered by the Department of Revenue. This fund consists of money deposited to the fund from income earned on money awarded in or received as a result of State v. Amerada Hess and of appropriations to the fund. Money may be appropriated from this fund for any public purpose, including covering annual debt service and reserves for debt service on bonds authorized by state law.
- **Alaska Children's Trust Fund (Fund 34050)** – AS 37.14.200 – Administered by the Department of Health and Social Services and the Alaska Children's Trust Board established in the Office of the Governor. The income from this endowment is used to provide a continuing source of revenue for grants to community-based programs for the prevention of child abuse and neglect.
- **Alaska Debt Retirement Fund (Fund 11138)** – AS 37.15.011 – The fund consists of all money appropriated to it. The fund was established to help meet the General Fund debt obligations of the State and its political subdivisions, to fund lease-purchases, and to finance capital projects with money remaining after debt obligations are paid.
- **Alaska Gasline Inducement Act Reimbursement (Fund 11188)** – AS 43.90.400 – Administered by the Office of the Governor. This fund consists of money appropriated to it by the legislature for reimbursing a percentage of qualified expenditures as authorized under AS 43.90.110. These state matching contributions serve as an inducement to aid in the construction of a natural gas pipeline.
- **Alaska Historical Commission Receipts Account (Fund 11111)** – AS 41.35.380 – Administered by the Department of Natural Resources. Consists of all monetary gifts, grants, bequests, royalties, and other income received by the Alaska Historical Commission and is used for commission projects.
- **Alaska Marine Highway System Fund (Fund 12149)** – AS 19.65.060 – Administered by the Department of Transportation and Public Facilities, Alaska Marine Highway System. Gross revenues of the Alaska Marine Highway System are deposited into the fund. The fund also consists of legislative appropriations of amounts necessary to provide stable services to the public, after consideration of gross revenue.
- **Alaska Marine Highway System Vessel Replacement Fund (Fund 11137)** – AS 37.05.550 – Managed by the Department of Revenue. The fund consists of money appropriated to it by the legislature. The legislature may appropriate money from the fund for refurbishment of existing state ferry vessels, acquisition of additional state ferry vessels, or replacement of retired or outmoded state ferry vessels.
- **Alaska Technical and Vocational Education Program Fund (Fund 11166)** – AS 23.15.830 – Administered by the Department of Labor and Workforce Development. The fund consists of amounts collected under AS 23.15.835. The legislature may appropriate the annual estimated balance in the fund to the Alaska Workforce Investment Board to implement AS 23.15.820 – 23.15.850. The legislature may appropriate the lapsing balance of the fund to the Unemployment Compensation Fund established in AS 23.20.130.

- **Alaska Transportation Infrastructure Bank (Fund 21653)** – Section 350 of the National Highway System Designation Act of 1995 Federal Law – Managed by the Department of Transportation and Public Facilities. This fund was established as a pilot program with the U.S. Department of Transportation to increase infrastructure investment in the private sector. The fund has the ability to make loans and provide other forms of credit assistance to public and private entities to carry out highway construction and transit capital projects.
- **Alaska Veterans' Memorial Endowment (Fund 36010)** – AS 37.14.700(a) – Administered by the Department of Military and Veterans' Affairs. The fund is used to maintain and develop veteran or military memorials. The fund consists of appropriations to the fund, donations to the fund, and income earned on investments of fund assets.
- **Alcohol and Other Drug Abuse Treatment and Prevention Fund (Fund 11178)** – AS 43.60.050 – Administered by the Department of Health and Social Services. The fund is used to establish and maintain programs for the prevention and treatment of alcoholism, drug abuse, and misuse of hazardous volatile materials and substances by inhalant abusers under AS 47.37.030.
- **Anatomical Gift Awareness Fund (Fund 11183)** – AS 13.50.160(a) – Administered by the Department of Administration. This fund was established to promote gifts under AS 13.50 the Health Care Decisions Act and to administer the donation program established under AS 13.50.130. The fund consists of donations and fees collected to support the Donor Registry Program.
- **Art in Public Places Fund (Fund 11124)** – AS 44.27.060 – Administered by the Alaska State Council on the Arts. This fund consists of one percent of the construction cost of buildings exempt from AS 35.27. The money is used to commission or purchase art for public state-owned or leased buildings or facilities.
- **Assistive Technology Loan Guarantee Fund (Fund 11154)** – AS 23.15.125 – Administered by the Department of Labor and Workforce Development, Division of Vocational Rehabilitation (DVR). The fund consists of money appropriated to it. DVR may solicit and accept available public and private money for distribution from the fund. Money in the fund may be used to guarantee 90 percent of the principal amount of a loan or to subsidize the interest rate of a loan guaranteed by DVR for appropriate assistive technology.
- **Building Safety Account (Fund 11177)** – AS 44.31.025 – Administered by the Department of Labor and Workforce Development. The collection of fees associated with building inspection and the issuance of certificates of fitness will be deposited in the Building Safety Account. The legislature may appropriate money from the account for necessary costs incurred by the Department of Labor and Workforce Development in the administration of AS 18.60.180 – 18.60.395, 18.60.800 – 18.60.620 and AS 18.62 relating to building safety and certificates of fitness.
- **Commercial Passenger Vessel Environmental Compliance Fund (Fund 11174)** – AS 46.03.482 – Administered by the Department of Environmental Conservation. Sources of income for this fund include: (1) money received by the department in payment of fees under AS 46.03.480; (2) money received as a result of a violation; (3) money appropriated to the fund by the legislature; (4) earnings on the fund. The legislature may make appropriations from this fund to the department to pay for the department's operational costs necessary to prepare reports that assess the information received by the department for the cruise ship seasons of 2000, 2001, 2002, and 2003 and for the department's operational costs necessary to carry out activities under AS 46.03.460 – 46.03.490 relating to commercial passenger vessels.
- **Commercial Vessel Taxes Fund (Fund 11203)** – AS 43.52.230(a) – Administered by the Department of Revenue. The fund consists of proceeds from the tax on travel on commercial passenger vessels providing overnight accommodations in the state's marine water. Money appropriated from this fund can be used for state-owned harbor facilities, other services to properly provide for vessel or watercraft visits, to enhance the safety and efficiency of interstate and foreign commerce, and such other lawful purposes as determined by the legislature.
- **Community Revenue Sharing Fund (Fund 11200)** – AS 29.60.850 - Administered by the Department of Commerce, Community and Economic Development. The Fund provides community revenue sharing payments to municipalities, reserves, and communities for any public purpose. The fund consists of appropriations. Income earned on money in the fund may be appropriated to the fund. The legislature may appropriate 20 percent of the money received by the State during the previous calendar year under AS 43.55.011(g).
- **Constitutional Budget Reserve Fund (Fund 33041)** – Alaska Constitution, Article IX, Section 17; AS 37.13 – Administered by the Department of Revenue. All money received by the State as a result of the termination of administrative proceedings or litigation in a state or federal court involving mineral lease bonuses, rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments or bonuses, or involving taxes

imposed on mineral income, production, or property are deposited in the fund, except for the share of those proceeds that are deposited into the Alaska Permanent Fund.

- **Crime Victims Compensation Fund (Fund 11207)** – AS 18.67.162 – Administered by the Department of Public Safety, Crime Victims Compensation Board. This fund consists of all money appropriated to it, including donations, recoveries of or reimbursements of awards made from the fund and investment income. The purpose of the fund is to facilitate and permit the payment of compensation to innocent persons as a result of certain serious crimes.
- **Disaster Relief Fund (Fund 12120)** – AS 26.23.300 – Administered by the Office of the Governor and the Department of Military and Veterans Affairs. This fund provides resources to alleviate the effects of disasters wherever and whenever they may occur in the State.
- **Donated Commodity Fee Fund (Fund 11120)** – USC 7 CFR, Part 250 – Administered by the Department of Education and Early Development. This fund consists of monies from federal agencies and recipients of goods. It is intended to cover the cost of the distribution of federal surplus food to schools, childcare institutions, nonprofit camps for children, charitable institutions for minors, nutrition programs for the elderly, and assistance to needy persons.
- **Educational Facilities Maintenance and Construction Fund (Fund 11142)** – AS 37.05.560 – Administered by the Department of Education and Early Development. Money in the fund may be appropriated to finance the design, construction, and maintenance of public school facilities and for maintenance of the University of Alaska facilities.
- **Election Fund (Fund 11179)** – Federal H.R. 3295, "The Help America Vote Act" – Administered by the Office of the Lieutenant Governor, Division of Elections. Funds will be used for election administration improvements, for replacement of voting equipment, to improve accessibility for individuals with disabilities, and to provide alternative language accessibility.
- **Employment Assistance and Training Program Account (Fund 11134)** – AS 23.15.625 – Administered by the Department of Labor and Workforce Development. The account consists of amounts collected under the provision of AS 23.15.630. The annual estimated balance in the account may be appropriated by the legislature to the department to implement AS 23.15.620 – 23.15.660. The legislature may appropriate the lapsing balance of the account to the Unemployment Compensation Fund established in AS 23.20.130.
- **Exxon Valdez Oil Spill Unincorporated Rural Community Grant Fund (Fund 11161)** – AS 44.33.115 – Administered by the Department of Commerce, Community, and Economic Development. The department may use the fund to make grants to unincorporated rural communities in the area affected by the Exxon Valdez oil spill for capital projects for purposes of restoring, replacing, or enhancing subsistence resources or services or other services damaged or lost as a result of the Exxon Valdez oil spill.
- **FHWA - Airspace Leases Fund (Fund 11126)** – Section 156 of the Surface Transportation and Uniform Relocation Assistance Act of 1987 requires that the State shall charge fair market value for the sale, use, or lease rentals of right-of-way airspace and that the federal share of these net incomes be used by the State for highway projects. This fund accounts for those revenues. The revenues are available for appropriation by the legislature for highway projects.
- **FICA Administration Fund (Fund 11110)** – AS 39.30.050 – Administered by the Department of Administration. The fund consists of the pro rata share of expenses incurred in the administration of 39.30.010 – 39.30.080 and collected from participating political subdivisions and from the State.
- **Fisheries Disaster Fund (Fund 11180)** – PL 108-7, SEC 2, Division N, Title V – Fisheries Disasters, Sec. 501(a) – Administered by the Office of the Governor. $35,000,000 shall be made available as a direct lump sum payment to the State of Alaska to make payments to persons or entities that have experienced significant economic hardship. Funds in Alaska shall be used to provide personal assistance; assistance for small businesses including fishermen, fish processors, and related business serving the fishing industry; assistance for local borough governments adversely affected by reductions in fish landing fees and other fishing-related revenue; and product development and marketing.
- **Fuel Emergency Fund (Fund 11125)** – AS 26.23.400 – Administered by the Office of the Governor. This fund is used when the governor determines that a shortage of fuel is sufficiently severe to justify state assistance to make grants to a city or borough, or to a village or unincorporated community to purchase emergency supplies of fuel.

- **Fund for the Improvement of School Performance (Fund 11145)** – AS 14.03.125 – Administered by the Department of Education and Early Development. It is used to make grants to a district located in the State for the purpose of improving school performance.
- **Major Maintenance Grant Fund (Fund 11144)** – AS 14.11.007 – Administered by the Department of Education and Early Development. The fund is used to make grants for the cost of school major maintenance.
- **Memorial Education Revolving Loan Fund (Fund 21611)** – AS 14.43.255 – Administered by the Department of Education and Early Development. The fund was created to pay tribute to the memory of Alaskans who, by example of their lives, or by their distinguished contribution and service to the State, their community, or their profession, exemplified the best that is the challenge of "The Great Land." The funds shall be used to provide education loans to students selected under AS 14.43.250-325.
- **Municipal Capital Project Matching Grant Fund (Fund 11146)** – AS 37.06.010 – Administered by the Department of Commerce, Community, and Economic Development. The money in the fund is held by the department in custody for each municipality. Each fiscal year the department allocates individual grants for each municipality.
- **Municipal Harbor Facility Grant Fund (Fund 11187)** – AS 29.60.800 – Administered by the Department of Transportation and Public Facilities. The money appropriated to the fund may be expended by the department for municipal harbor grants.
- **Oil and Gas Tax Credit Fund (Fund 11189)** – AS 43.55.028 – Administered by the Department of Revenue. The purpose of this fund is to purchase certain transferable tax credit certificates issued under AS 43.55.023 and certain production tax credit certificates issued under AS 43.55.025. The fund consists of money appropriated to it, including any appropriation of the percentage provided under (c) of this section of all revenue from taxes levied by AS 43.55.011 that is not required to be deposited in the constitutional budget reserve fund established in art. IX, sec. 17 (a), Constitution of the State of Alaska; and earnings on the fund.
- **Oil and Hazardous Substance Release Prevention and Response (Fund 11128)** – AS 46.08.010 – Administered by the Department of Environmental Conservation. This fund is composed of two accounts: (1) the prevention account and (2) the response account. The fund consists of appropriations by the legislature of money from private donors, money recovered from parties responsible for cleanup of oil or a hazardous substance, and fines, penalties, or damages recovered under Chapter 46. This money is for the containment and cleanup of oil or a hazardous substance; monitoring, assessing, investigating, and evaluating the release or threatened release of oil or a hazardous substance; and recovery of the cost to the State of the containment and cleanup of oil or a hazardous substance.
- **Oil and Hazardous Substance Release Prevention Mitigation Account (Fund 11139)** – AS 46.08.020(b) – Administered by the Department of Environmental Conservation. This account consists of money received from other state sources, from federal or other sources, or from a private donor; money recovered or otherwise received from parties responsible for the containment and cleanup of oil or a hazardous substance; and fines, penalties, or damages recovered under AS 46.08.005–46.08.080. The legislature may appropriate the amount received in this account (during the preceding calendar year) to the prevention account in the Oil and Hazardous Substance Release Prevention and Response Fund.
- **Oil and Hazardous Substance Release Response Mitigation Account (Fund 11153)** – AS 46.08.025(b) – Administered by the Department of Environmental Conservation. This account consists of money received from other state sources, from federal or other sources, or from a private donor; money recovered or otherwise received from parties responsible for the containment and cleanup of oil or a hazardous substance at a specific site for which the State expended money from the former oil and hazardous substance release response fund before October 2, 1994, or for which the State expended money from the response account. The legislature may appropriate the amount received in this account (during the preceding calendar year) to the response account in the Oil and Hazardous Substance Release Prevention and Response Fund.
- **Originator Surety Fund (Fund 11202)** – AS 06.60.500 – Administered by the Department of Commerce Community and Economic Development. This fund consists of payments made by originator licensees under AS 06.60.550, filing fees retained under AS 06.60.620, income earned on the investment of the money in the fund, and money deposited in the fund by the department under AS 06.60.740.
- **Permanent Fund Dividend Fund (Fund 33020)** – AS 43.23.045 – Administered by the Department of Revenue. This fund consists of 50 percent of the income earned by the Alaska Permanent Fund during the fiscal year ending on June 30 that is paid out to eligible Alaska residents.
- **Public Education Fund (Fund 11184)** – AS 14.17.300 – Administered by the Department of Education and Early Development. This account may be expended only in aid of public schools and for centralized

correspondence study programs under Chapter 17 – Financing of Public Schools, and for transportation of pupils under AS 14.09.010.

- **Railbelt Energy Fund (Fund 11123)** – AS 37.05.520 – Managed by the Department of Revenue. The legislature may appropriate money from the fund for programs, projects, and other expenditures to assist in meeting Railbelt energy needs, including projects for retrofitting state-owned buildings and facilities for energy conservation.
- **Randolph-Sheppard Small Business Fund (Fund 11118)** – AS 23.15.130, 20 USC 107-107(f) – Administered by the Department of Labor and Workforce Development. This fund consists of receipts from vending facilities on federal properties and is used to aid only blind licensees in operating vending machine facilities.
- **Real Estate Recovery Fund (Fund 11121)** – AS 08.88.450 – Administered by the Department of Commerce, Community, and Economic Development. This fund is composed of payments made by real estate licensees under AS 08.88.455 and filing fees under AS 08.88.460, income earned on investment of the money in the fund, and money deposited in the fund under AS 08.88.450(c). Amounts in the fund may be appropriated for claims against the fund, for hearing and legal expenses directly related to fund operations and claims, and real estate educational purposes.
- **Regional Cruise Ship Impact Fund (Fund 11205)** – AS 43.52.230(c) – Administered by the Department of Revenue. The fund consists of proceeds from the tax on travel on commercial passenger vessels providing overnight accommodations in the state's marine water. Money appropriated from this fund can be used for state-owned harbor facilities, other services to properly provide for vessel or watercraft visits, to enhance the safety and efficiency of interstate and foreign, commerce, and such other lawful purposes as determined by the legislature.
- **School Construction Grant Fund (Fund 11143)** – AS 14.11.005 – Administered by the Department of Education and Early Development. The fund shall be used to make grants for the costs of school construction. Legislative appropriations for school construction shall be deposited in the fund and the proceeds from the sale of general obligation bonds for school construction may be deposited in the fund.
- **School Trust Land Sales (Fund 11162)** – Established per attorney general memo regarding Public School Trust Litigation. Used to separately account for income from former public school trust land, the status of which is in litigation.
- **Senior Care Fund (Fund 11182)** – Chapter 3, SLA 2004 amended the uncodified law of the State of Alaska by creating the Senior Care Fund to be used by the Department of Health and Social Services. The fund is used to pay for the costs incurred for the provision of senior services under the senior care program. The department shall provide cash assistance and prescription drug benefits as far as practicable under appropriations provided by law.
- **State Insurance Catastrophe Reserve Account (Fund 11133)** – AS 37.05.289 – Administered by the Department of Administration. Assets of the account may be used to obtain insurance, to establish reserves for the self-insurance program, and to satisfy claims or judgments arising under the program.
- **State Land Disposal Income Fund (Fund 11164)** – AS 38.04.022(a) – Administered by the Department of Natural Resources. The fund consists of revenue from the state land disposal program.
- **State Land Reforestation Fund (Fund 12130)** – AS 41.17.300 – Administered by the Department of Natural Resources. The money in the state land reforestation fund may be used only for the reforestation of state land, including site preparation; seed and seedling acquisition and cultivation; planting and other reforestation measures; timber stand improvement; and the development of materials and techniques for the reforestation of state land.
- **Statutory Budget Reserve Fund (Fund 11115)** – AS 37.05.540 – Administered by the Department of Revenue. This fund consists of appropriations to the fund. Money received by the State that is subject to the appropriation limit under AS 37.05.540(b) and that exceeds that limit may be appropriated to the budget reserve fund.
- **Surplus Property Revolving Fund (Fund 11112)** – AS 37.05.500(a)(2), AS 44.68.130 – Administered by the Department of Administration. This fund is to account for revenues from the users or purchasers of excess federal property that the State has acquired and is used to pay the administrative expenses incurred in managing this property.
- **Tobacco Use Education and Cessation Fund (Fund 11175)** – AS 37.05.580 – Administered by the Department of Health and Social Services. This fund consists of 20 percent of the annual revenue derived from

the settlement of State of Alaska v. Philip Morris, Incorporated, et al, No. 1JU-97-915 CI (Alaska Super. 1997). The purpose of this fund is to provide a source to finance the comprehensive smoking education, tobacco use prevention, and tobacco control program authorized by AS 44.29.020(a)(15).

- **TAPS Rebate Fund (Fund 11163)** – Federal PL 101-380, sec. 8102(a)(B)(I) – The federal government has rebated the pro rata share of the federal Trans-Alaska Pipeline Liability (TAPS) Fund to the State of Alaska for its contributions as an owner of oil. The funds are to be used for the remediation of above-ground storage tanks.
- **Training and Building Fund (Fund 12121)** – AS 23.20.130(d) – Administered by the Department of Labor and Workforce Development. This fund consists of interest and penalties for failure to file timely reports and pay contributions to the Unemployment Compensation Fund. It may be used for the administration of the Employment Security Act when federal funds are not available and for the acquisition of land and buildings for the purpose of providing office space for the department.
- **Unincorporated Community Capital Project Matching Grant Fund (Fund 11147)** – AS 37.06.020 – Administered by the Department of Commerce, Community, and Economic Development. This fund was created for unincorporated communities to acquire or improve an asset with an anticipated life exceeding one year and includes land acquisition, construction, repair or structural improvement of a facility, engineering and design for a facility, and acquisition or repair of equipment.
- **Vocational Rehabilitation Small Business Enterprise Revolving Fund (Fund 11116)** – AS 23.15.130 – Administered by the Department of Labor and Workforce Development, Division of Vocational Rehabilitation. This fund consists of receipts from the net proceeds of vending facilities on public property. The annual estimated receipts of the fund may be used by the legislature to make appropriations to the department to aid licensees in operating vending machine facilities.
- **Workers' Compensation Benefits Guaranty Fund (Fund 11186)** – AS 23.30.082 – Administered by the Department of Labor and Workforce Development. This fund is composed of civil penalty payments made by employers under AS 23.30.080, income earned on investment of the money in the fund, money deposited in the fund, and appropriations to the fund. The fund may be appropriated for claims against the fund, for expenses directly related to fund operations and claims, and for legal expenses.
- **Workers' Safety and Compensation Administration Account (Fund 11173)** – AS 23.05.067 – Administered by the Department of Labor and Workforce Development. This fund is used to account for the annual service fees collected from employers for the administrative expenses of the State for workers' safety programs under AS 18.60 and the workers' compensation program under AS 23.30.

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Combining Balance Sheet
General Fund
June 30, 2010
(Stated in Thousands)

	General Fund		
	Constitutional Budget Reserve Subfund	Statutory Budget Reserve Subfund	Permanent Fund Dividend Subfund
ASSETS			
Cash and Investments	$ 8,663,509	$ 1,007,534	$ 19,922
Accounts Receivable - Net	52,346	-	-
Interest and Dividends Receivable	9,304	-	21
Due from Other Funds	462,450	190,013	857,983
Due from Component Units	-	-	-
Due from Other Governments	-	-	-
Loans, Notes, and Bonds Receivable	-	-	-
Inventories	-	-	-
Other Assets	-	-	14
Total Assets	$ 9,187,609	$ 1,197,547	$ 877,940
LIABILITIES AND FUND BALANCES			
Liabilities:			
Accounts Payable and Accrued Liabilities	$ -	$ -	$ 9,482
Due to Other Funds	-	-	1,366
Due to Component Units	-	-	-
Due to Other Governments	-	-	-
Unearned and Deferred Revenue	21,539	-	-
Other Liabilities	-	-	3
Total Liabilities	21,539	-	10,851
Fund Balances:			
Nonspendable:			
Compensating Balances	-	-	-
Inventory	-	-	-
Advances and Prepaid Items	-	-	-
Restricted for:			
Debt Service	-	-	-
Education	-	-	-
Health and Human Services	-	-	-
Development	-	-	-
Other Purposes	-	-	-
Committed to:			
Debt Service	-	-	-
Education	-	-	-
Health and Human Services	-	-	-
Public Protection	-	-	-
Permanent Fund	-	-	867,089
Development		-	-
Other Purposes	-	-	-
Unassigned	9,166,070	1,197,547	-
Total Fund Balances	9,166,070	1,197,547	867,089
Total Liabilities and Fund Balances	$ 9,187,609	$ 1,197,547	$ 877,940

Public Education Subfund	General and all Other Subfunds	Eliminations of Internal Balances	Total General Fund
$ 1,170,890	$ 4,134,153	$ -	$ 14,996,008
123	299,031	-	351,500
-	4,432	-	13,757
-	127,602	(653,881)	984,167
-	78,389	-	78,389
-	450,801	-	450,801
-	21,073	-	21,073
-	17,268	-	17,268
-	19,528	-	19,542
$ 1,171,013	$ 5,152,277	$ (653,881)	$ 16,932,505
$ -	$ 891,371	$ -	$ 900,853
-	697,929	(653,881)	45,414
-	2,482	-	2,482
-	384	-	384
-	425,056	-	446,595
-	638	-	641
-	2,017,860	(653,881)	1,396,369
-	190,000	-	190,000
-	17,268	-	17,268
-	21,931	-	21,931
-	3,186	-	3,186
-	11,371	-	11,371
-	513	-	513
-	100,281	-	100,281
-	4,028	-	4,028
-	9,000	-	9,000
1,171,013	305,108	-	1,476,121
-	199,666	-	199,666
-	248,060	-	248,060
-	4,422	-	871,511
-	1,855,427	-	1,855,427
-	122,517	-	122,517
-	41,639	-	10,405,256
1,171,013	3,134,417	-	15,536,136
$ 1,171,013	$ 5,152,277	$ (653,881)	$ 16,932,505

STATE OF ALASKA **STATEMENT 3.02**

Combining Schedule of Revenues, Expenditures, and Changes in Fund Balances
General Fund
For the Fiscal Year Ended June 30, 2010
(Stated in Thousands)

	General Fund		
	Constitutional Budget Reserve Subfund	Statutory Budget Reserve Subfund	Permanent Fund Dividend Subfund
REVENUES			
Taxes	$ 83,547	$ -	$ -
Licenses and Permits	-	-	-
Charges for Services	-	-	404
Fines and Forfeitures	999	-	303
Rents and Royalties	47,031	-	-
Premiums and Contributions	-	-	25
Interest and Investment Income	730,918	-	-
Federal Grants in Aid	-	-	-
Payments In from Component Units	-	-	-
Other Revenues	-	-	8
Total Revenues	862,495	-	740
EXPENDITURES			
Current:			
General Government	1	-	8,843
Alaska Permanent Fund Dividend	-	-	817,162
Education	-	-	-
University	-	-	-
Health and Human Services	-	-	12,717
Law and Justice	-	-	1,556
Public Protection	-	-	19,143
Natural Resources	-	-	-
Development	-	-	-
Transportation	-	-	-
Intergovernmental Revenue Sharing	-	-	-
Debt Service:			
Principal	-	-	-
Interest and Other Charges	-	-	-
Total Expenditures	1	-	859,421
Excess (Deficiency) of Revenues Over Expenditures	862,494	-	(858,681)
OTHER FINANCING SOURCES (USES)			
Capital Leases	-	-	-
Transfers In from Other Funds	1	197,547	858,796
Transfers (Out to) Other Funds	-	-	(459)
Total Other Financing Sources and Uses	1	197,547	858,337
Net Change in Fund Balances	862,495	197,547	(344)
Fund Balances - Beginning of Year	8,303,575	1,000,000	867,433
Fund Balances - End of Year	$ 9,166,070	$ 1,197,547	$ 867,089

Public Education Subfund	General and all Other Subfunds	Eliminations of Internal Balances	Total General Fund
$ -	$ 3,495,358	$ -	$ 3,578,905
-	113,995	-	113,995
-	163,492	-	163,896
-	13,335	-	14,637
-	1,500,995	-	1,548,026
-	16,323	-	16,348
-	194,199	-	925,117
-	2,394,054	-	2,394,054
-	40,538	-	40,538
516	6,712	-	7,236
516	7,939,001	-	8,802,752
-	356,223	-	365,067
-	-	-	817,162
1,055,983	613,486	-	1,669,469
-	402,851	-	402,851
-	2,233,941	-	2,246,658
-	300,629	-	302,185
-	695,868	-	715,011
-	266,283	-	266,283
-	320,285	-	320,285
-	1,128,683	-	1,128,683
-	177,804	-	177,804
-	5,810	-	5,810
-	2,201	-	2,201
1,055,983	6,504,064	-	8,419,469
(1,055,467)	1,434,937	-	383,283
-	20,603	-	20,603
1,116,987	10,044	(1,315,347)	868,028
-	(1,374,902)	1,315,347	(60,014)
1,116,987	(1,344,255)	-	828,617
61,520	90,682	-	1,211,900
1,109,493	3,043,735	-	14,324,236
$ 1,171,013	$ 3,134,417	$ -	$ 15,536,136

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Nonmajor Governmental Funds

STATE OF ALASKA **STATEMENT 3.11**
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2010
(Stated in Thousands)

	Permanent Fund	
	Public School Trust Fund	Special Revenue Funds
ASSETS		
Cash and Investments	$ 373,648	$ 466,985
Accounts Receivable - Net	1,073	1,839
Interest and Dividends Receivable	790	-
Due from Other Funds	680	528
Due from Other Governments	-	4,983
Loans, Notes, and Bonds Receivable	85	-
Other Assets	-	51
Total Assets	$ 376,276	$ 474,386
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable and Accrued Liabilities	$ 343	$ 7,756
Due to Other Funds	-	4,753
Due to Other Governments	2	-
Unearned and Deferred Revenue	1,518	333
Other Liabilities	2	338
Total Liabilities	1,865	13,180
Fund Balances:		
Nonspendable:		
Principal	363,414	-
Restricted for:		
Debt Service	-	-
Education	-	6,188
Health and Human Services	-	17,301
Development	-	29,924
Other Purposes	-	147
Committed to:		
Education	10,997	-
Development	-	407,646
Total Fund Balances	374,411	461,206
Total Liabilities and Fund Balances	$ 376,276	$ 474,386

Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
$ 45,138	$ 203,605	$ 1,089,376
-	-	2,912
5	179	974
843	-	2,051
-	-	4,983
-	-	85
-	-	51
$ 45,986	$ 203,784	$ 1,100,432
$ -	$ 1,927	$ 10,026
-	14,875	19,628
-	-	2
-	-	1,851
-	-	340
-	16,802	31,847
-	-	363,414
45,986	-	45,986
-	9,605	15,793
-	-	17,301
-	177,377	207,301
-	-	147
-	-	10,997
-	-	407,646
45,986	186,982	1,068,585
$ 45,986	$ 203,784	$ 1,100,432

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Governmental Funds
For the Fiscal Year Ended June 30, 2010
(Stated in Thousands)

	Permanent Fund	
	Public School Trust Fund	Special Revenue Funds
REVENUES		
Taxes	$ -	$ 23,440
Licenses and Permits	-	30,165
Charges for Services	-	504
Fines and Forfeitures	3	105
Rents and Royalties	11,210	21,325
Premiums and Contributions	-	5,434
Interest and Investment Income	41,473	12,921
Federal Grants in Aid	-	28,931
Other Revenues	-	92
Total Revenues	52,686	122,917
EXPENDITURES		
Current:		
General Government	90	2,847
Education	12,937	22,934
University	-	-
Health and Human Services	-	4,973
Public Protection	-	934
Natural Resources	-	60,915
Development	-	9,789
Transportation	-	-
Debt Service:		
Principal	-	-
Interest and Other Charges	-	-
Total Expenditures	13,027	102,392
Excess (Deficiency) of Revenues Over Expenditures	39,659	20,525
OTHER FINANCING SOURCES (USES)		
Transfers In from Other Funds	1	3,847
Transfers (Out to) Other Funds	-	(9,008)
Total Other Financing Sources and Uses	1	(5,161)
Net Change in Fund Balances	39,660	15,364
Fund Balances - Beginning of Year	334,751	445,842
Fund Balances - End of Year	$ 374,411	$ 461,206

Debt Service Funds	Capital Projects Funds	Total Nonmajor Governmental Funds
$ -	$ -	$ 23,440
-	-	30,165
-	-	504
-	-	108
-	-	32,535
-	-	5,434
97	3,129	57,620
-	-	28,931
25,202	-	25,294
25,299	3,129	204,031
-	-	2,937
-	-	35,871
-	16	16
-	-	4,973
-	-	934
-	58,967	119,882
-	-	9,789
-	45,988	45,988
37,400	-	37,400
42,909	-	42,909
80,309	104,971	300,699
(55,010)	(101,842)	(96,668)
52,139	-	55,987
-	(3,714)	(12,722)
52,139	(3,714)	43,265
(2,871)	(105,556)	(53,403)
48,857	292,538	1,121,988
$ 45,986	$ 186,982	$ 1,068,585

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Permanent Funds

Permanent funds account for permanent endowments created when the principal amount of a contribution must be invested and preserved but earnings on amounts invested can be used for public purpose. Following are the State's permanent funds.

- **Alaska Mental Health Trust Authority (Fund 34040)** – AS 47.30.011 – This is a Discretely Presented Component Unit. The fund description is contained in the Notes to the Basic Financial Statements, Note 1A. Statements are included in the Nonmajor Component Units section.

- **Alaska Permanent Fund (Fund 34030)** – Alaska Constitution, Article IX, Section 15 – Administered by the Alaska Permanent Fund Corporation. The Alaska Constitution provides that at least 25 percent of all mineral lease rentals, royalties, royalty sale proceeds, federal mineral revenue sharing payments, and bonuses received by the State shall be placed in the Alaska Permanent Fund. This is a major fund and included in Statements 1.11, 1.13, and 3.23.

- **Public School Trust Fund (Fund 34010)** – AS 37.14.110 – Administered by the Department of Revenue. The principal consists of the balance of the public school permanent fund on July 1, 1978, and one-half of one percent of the receipts derived from the management of state land (AS 34.14.150). The net income of the fund may be appropriated only for the support of the state public school program. This is a non-major fund and is included in Statements 3.11, 3.12, and 3.23.

STATE OF ALASKA **STATEMENT 3.23**
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Permanent Funds
For the Fiscal Year Ended June 30, 2010
(Stated in Thousands)

	Public School Trust		
	Budget	Actual	Variance with Budget
REVENUES			
Unrestricted:			
Fines and Forfeitures	$ 3	$ 3	$ -
Rents and Royalties	11,210	11,210	-
Interest and Investment Income	41,473	41,473	-
Total Revenues	52,686	52,686	-
EXPENDITURES			
Current:			
General Government	105	90	15
Education	12,937	12,937	-
Law and Justice	-	-	-
Natural Resources	583	-	583
Total Expenditures	13,625	13,027	598
Excess (Deficiency) of Revenues Over Expenditures	39,061	39,659	(598)
OTHER FINANCING SOURCES (USES)			
Transfers In from Other Funds	1	1	-
Transfers (Out to) Other Funds	-	-	-
Total Other Financing Sources and Uses	1	1	-
Excess (Deficiency) of Revenues, Over (Under) Expenditures, and Other Financing Sources (Uses), Special and Extraordinary Items, Budgetary Basis	$ 39,062	39,660	$ (598)
RECONCILIATION OF BUDGETARY/ GAAP REPORTING			
Excess (Deficiency) of Revenues, Over (Under) Expenditures, and Other Financing Sources (Uses), Special and Extraordinary Items, GAAP Basis		39,660	
Fund Balances - Beginning of Year		334,751	
Fund Balances - End of Year		$ 374,411	

Alaska Permanent			Total Permanent Funds		
Budget	Actual	Variance with Budget	Budget	Actual	Variance with Budget
-	$ -	$ -	$ 3	$ 3	$ -
679,438	679,438	-	690,648	690,648	-
3,593,091	3,593,091	-	3,634,564	3,634,564	-
4,272,529	4,272,529	-	4,325,215	4,325,215	-
69,174	69,174	-	69,279	69,264	15
-	-	-	12,937	12,937	-
1,477	1,477	-	1,477	1,477	-
5,153	5,153	-	5,736	5,153	583
75,804	75,804	-	89,429	88,831	598
4,196,725	4,196,725	-	4,235,786	4,236,384	(598)
-	-	-	1	1	-
(857,983)	(857,983)	-	(857,983)	(857,983)	-
(857,983)	(857,983)	-	(857,982)	(857,982)	-
3,338,742	3,338,742	$ -	$ 3,377,804	3,378,402	$ (598)
	3,338,742			3,378,402	
	29,916,069			30,250,820	
	$ 33,254,811			$ 33,629,222	

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Nonmajor Special Revenue Funds

Special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. Additionally, special revenue funds account for the General Fund of legally separate entities (component units) that are blended with the government. The following are the State's special revenue funds.

- **Alaska Housing Capital Corporation (AHCC) (Fund 34076)** – AS 18.56.086 – Subsidiary of Alaska Housing Finance Corporation (AHFC). The purpose of this fund is to fund capital projects, including financing expenses. AHCC is authorized to issue bonds necessary to provide sufficient funds for carrying out its purpose.

- **Alyeska Settlement Trust Fund (Fund 12138)** – Consent Decree between the United States, the State of Alaska, and Alyeska Pipeline Service Company – Administered by the Department of Revenue. The fund was created for the purpose of receiving, holding, and disbursing settlement proceeds from Alyeska under the Consent Decree. The funds are to be used to clean up oil spills and for other projects specified in the Consent Decree.

- **Clean Air Protection Fund (Fund 12133)** – AS 46.14.260 and Federal Clean Air Act – Administered by the Department of Environmental Conservation. The fund was established to collect and account for permit fees under the Federal Clean Air Act. Monies collected may only be used to cover reasonable costs required to support the permit program.

- **Exxon Valdez Oil Spill Restoration Fund (Fund 12136)** – United States District Court judgement in the criminal case U.S. v. Exxon Shipping Company and Exxon Corporation resulted in $50 million restitution being received by the State to be used exclusively for restoration projects related to the Exxon Valdez oil spill. Administered by the Department of Revenue.

- **Exxon Valdez Settlement Trust Fund (Fund 33070)** – AS 37.14.400 – Memorandum of Agreement and Consent Decree between the United States (U.S.) and the State of Alaska to maximize the funds available for restoration of natural resources and to resolve the governments' claims against one another relating to the Exxon Valdez Oil Spill, which occurred on the night of March 23-24, 1989, in Prince William Sound, Alaska. The funds are administered by the trustee council which consists of the Secretaries of the U.S. Departments of the Interior and Agriculture and the Administrator of the National Oceanic and Atmospheric Administration (the federal trustees) and the Commissioners of the Departments of Environmental Conservation and Fish and Game and the Attorney General of the State of Alaska (State trustees). The trustee council determines which projects shall be financed by monies from the trust. The Exxon Valdez Settlement Trust Fund established in the state accounting system accounts for those monies transferred to the State for projects approved by the trustee council. These projects are for the purpose of restoring, replacing, enhancing, rehabilitating, or acquiring the equivalent of natural resources injured, lost, or destroyed as a result of the oil spill.

- **Fish and Game Fund (Fund 12122)** – AS 16.05.100 – Administered by the Department of Fish and Game. Statutory revenue in this fund can only be used for the purpose of protection, propagation, investigation, and restoration of sport fish and game resources and the expenses of administering the sport fish and wildlife divisions of the Department of Fish and Game. These monies are received from the sale of state sport fishing and hunting licenses and special permits; sale of furs, skins, and specimens taken by predator hunters; money received in settlement of a claim or loss caused by damage to fish and game purposes; and donations. In addition to the statutory revenues, federal revenues, crewmember license fees, and other sources are appropriated to the fund for purposes related to fish and wildlife.

- **Fishermen's Fund (Fund 11119)** – AS 23.35.060 – Administered by the Department of Labor and Workforce Development. This fund is composed of 39 percent of the money derived by the State from all commercial fishermen's licenses and money appropriated by the legislature to pay for emergency treatment, transportation, medical care, and hospitalization of injured or disabled commercial fishermen.

- **Mine Reclamation Trust Fund (Fund 12140)** – AS 37.14.800(a) – Administered by the Department of Natural Resources. The principal and earnings of the fund shall be held by the State for the purpose of protecting the public interest in reclaiming mine sites in the State. The fund is composed of the mine reclamation trust fund income account and the mine reclamation trust fund operating account. The fund's income account consists of payments and deposits made by miners to satisfy the miners' reclamation bonding or financial assurance obligation under AS 27.19.040 or AS 27.21.160 and earnings on the income account. The mine reclamation trust fund operating account consists of appropriations by the legislature of the annual balance of the mine reclamation trust fund income account and any earnings on those appropriations while in the operating account.

- **National Petroleum Reserve Fund (Fund 12131)** – AS 37.05.530 – The commissioner of the Department of Revenue is responsible for the management of the NPR fund. The Department of Commerce, Community, and Economic Development administers the NPR grant program within the fund. This fund consists of all money disbursed to the State by the federal government under 42 USC 6508 since December 12, 1980, less the amount deposited in the General Fund and expended by the State by General Fund appropriations before June 9, 1984. The monies are spent by municipalities to alleviate the impact from oil and gas development within the National Petroleum Reserve.

- **Northern Tobacco Securitization Corporation (NTSC) Fund (Fund 21664)** – AS 18.56.086 – Subsidiary of AHFC. The purpose of this fund is to purchase Tobacco Settlement Revenues from the State in order to provide financing of construction of public school facilities, facilities for the University of Alaska, public housing facilities of AHFC and facilities for ports and harbors. NTSC is authorized to issue bonds necessary to provide sufficient funds for carrying out its purpose.

- **Reclamation Bonding Pool Fund (Fund 12132)** – AS 27.19.040 – Administered by the Department of Natural Resources. The fund is a statewide bonding pool for mining operations as an alternative to individual financial assurance. A miner participating in the bonding pool contributes a nonrefundable annual fee and an initial deposit that is refunded upon satisfactory completion of the approved reclamation plan. If a miner violates the reclamation plan, the financial assurance is forfeited and deposited in the fund. Income and other earnings on the bonding pool are also added to the fund. The reclamation and administrative costs and forfeited financial assurances are used for reclamation of the mining sites subject to forfeiture.

- **School Fund (Fund 12123)** – AS 43.50.140 – Administered by the Department of Revenue and the Department of Education and Early Development. This fund receives the revenue from the payment of cigarette taxes, fees, and penalties. It can only be used to rehabilitate, construct, and repair the State's school facilities, and for costs of insurance on buildings comprising school facilities.

- **Second Injury Fund (Fund 11117)** – AS 23.30.040 – Administered by the Department of Labor and Workforce Development. The fund consists of contributions from employers collected under AS 23.30.040(b) and (c), and civil penalties collected under AS 23.30.155(c). Money in the fund may only be paid for the benefit of those persons entitled to payment of benefits from the second injury fund under AS 23.30.

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	Second Injury	Fishermen's	Fish and Game	School	National Petroleum Reserve	Reclamation Bonding Pool
ASSETS						
Cash and Investments	$ 6,316	$ 11,419	$ 9,827	$ 6,120	$ 48,864	$ 1,716
Accounts Receivable - Net	-	-	34	1,803	-	-
Due from Other Funds	-	303	-	-	200	-
Due from Other Governments	-	-	4,983	-	-	-
Other Assets	-	-	51	-	-	-
Total Assets	$ 6,316	$ 11,722	$ 14,895	$ 7,923	$ 49,064	$ 1,716
LIABILITIES AND FUND BALANCES						
Liabilities:						
Accounts Payable and Accrued Liabilities	$ 324	$ 10	$ 1,821	$ 1,735	$ 3,735	$ -
Due to Other Funds	403	-	3,748	-	-	-
Unearned and Deferred Revenue	-	-	333	-	-	-
Other Liabilities	-	-	-	-	-	338
Total Liabilities	727	10	5,902	1,735	3,735	338
Fund Balances:						
Restricted for:						
Education	-	-	-	6,188	-	-
Health and Human Services	5,589	11,712	-	-	-	-
Development	-	-	8,993	-	-	1,378
Other Purposes						
Committed to:						
Development	-	-	-	-	45,329	-
Total Fund Balances	5,589	11,712	8,993	6,188	45,329	1,378
Total Liabilities and Fund Balances	$ 6,316	$ 11,722	$ 14,895	$ 7,923	$ 49,064	$ 1,716

Clean Air Protection	Exxon Valdez Oil Spill Restoration	Alyeska Settlement Trust	Exxon Valdez Settlement Trust	Northern Tobacco Securitization Corporation	Mine Reclamation Trust	Alaska Housing Capital Corporation	Total Nonmajor Special Revenue Funds
$ 3,993	$ 3,779	$ 8,513	$ 3,093	$ 147	$ 881	$ 362,317	$ 466,985
-	-	-	2	-	-	-	1,839
-	-	-	-	-	25	-	528
-	-	-	-	-	-	-	4,983
-	-	-	-	-	-	-	51
$ 3,993	$ 3,779	$ 8,513	$ 3,095	$ 147	$ 906	$ 362,317	$ 474,386
$ 1	$ -	$ -	$ 117	$ -	$ 13	$ -	$ 7,756
508	-	-	69	-	25	-	4,753
-	-	-	-	-	-	-	333
-	-	-	-	-	-	-	338
509	-	-	186	-	38	-	13,180
-	-	-	-	-	-	-	6,188
-	-	-	-	-	-	-	17,301
3,484	3,779	8,513	2,909	-	868	-	29,924
				147			147
-	-	-	-	-	-	362,317	407,646
3,484	3,779	8,513	2,909	147	868	362,317	461,206
$ 3,993	$ 3,779	$ 8,513	$ 3,095	$ 147	$ 906	$ 362,317	$ 474,386

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2010
(Stated in Thousands)

	Second Injury	Fishermen's	Fish and Game	School	National Petroleum Reserve	Reclamation Bonding Pool
REVENUES						
Taxes	$ -	$ -	$ -	$ 23,440	$ -	$ -
Licenses and Permits	-	1,084	25,274	-	-	-
Charges for Services	-	-	431	-	-	73
Fines and Forfeitures	57	-	44	-	-	-
Rents and Royalties	-	-	-	-	21,325	-
Premiums and Contributions	3,115	-	1	-	-	-
Interest and Investment Income	-	-	403	-	-	55
Federal Grants in Aid	-	-	28,931	-	-	-
Other Revenues	35	-	48	-	-	-
Total Revenues	3,207	1,084	55,132	23,440	21,325	128
EXPENDITURES						
Current:						
General Government	-	-	1,312	-	1,397	-
Education	-	-	-	22,718	216	-
Health and Human Services	3,590	887	-	-	489	-
Public Protection	-	-	-	-	934	-
Natural Resources	-	-	55,191	-	497	-
Development	-	-	-	-	9,789	-
Total Expenditures	3,590	887	56,503	22,718	13,322	-
Excess (Deficiency) of Revenues Over Expenditures	(383)	197	(1,371)	722	8,003	128
OTHER FINANCING SOURCES (USES)						
Transfers In from Other Funds	-	-	3,847	-	-	-
Transfers (Out to) Other Funds	-	-	(5,324)	-	(1)	-
Total Other Financing Sources and Uses	-	-	(1,477)	-	(1)	-
Net Change in Fund Balances	(383)	197	(2,848)	722	8,002	128
Fund Balances - Beginning of Year	5,972	11,515	11,841	5,466	37,327	1,250
Fund Balances - End of Year	$ 5,589	$ 11,712	$ 8,993	$ 6,188	$ 45,329	$ 1,378

Clean Air Protection	Exxon Valdez Oil Spill Restoration	Alyeska Settlement Trust	Exxon Valdez Settlement Trust	Northern Tobacco Securitization Corporation	Mine Reclamation Trust	Alaska Housing Capital Corporation	Total Nonmajor Special Revenue Funds
$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 23,440
3,807	-	-	-	-	-	-	30,165
-	-	-	-	-	-	-	504
4	-	-	-	-	-	-	105
-	-	-	-	-	-	-	21,325
-	-	-	2,318	-	-	-	5,434
-	124	280	113	-	36	11,910	12,921
-	-	-	-	-	-	-	28,931
-	-	-	9	-	-	-	92
3,811	124	280	2,440	-	36	11,910	122,917
77	-	-	-	61	-	-	2,847
-	-	-	-	-	-	-	22,934
7	-	-	-	-	-	-	4,973
-	-	-	-	-	-	-	934
3,265	-	-	1,943	-	19	-	60,915
-	-	-	-	-	-	-	9,789
3,349	-	-	1,943	61	19	-	102,392
462	124	280	497	(61)	17	11,910	20,525
-	-	-	-	-	-	-	3,847
-	-	-	-	(3,683)	-	-	(9,008)
-	-	-	-	(3,683)	-	-	(5,161)
462	124	280	497	(3,744)	17	11,910	15,364
3,022	3,655	8,233	2,412	3,891	851	350,407	445,842
$ 3,484	$ 3,779	$ 8,513	$ 2,909	$ 147	$ 868	$ 362,317	$ 461,206

	Second Injury		
	Budget	Actual	Variance with Budget
REVENUES			
Unrestricted:			
Taxes	$ -	$ -	$ -
Licenses and Permits	-	-	-
Charges for Services	-	-	-
Fines and Forfeitures	-	57	(57)
Rents and Royalties	-	-	-
Premiums and Contributions	3,978	3,115	863
Interest and Investment Income	-	-	-
Other Revenues	-	35	(35)
Restricted:			
Federal Grants in Aid	-	-	-
Total Revenues	3,978	3,207	771
EXPENDITURES			
Current:			
General Government	-	-	-
Education	-	-	-
Health and Human Services	3,978	3,599	379
Law and Justice	-	-	-
Public Protection	-	-	-
Natural Resources	-	-	-
Development	-	-	-
Transportation	-	-	-
Total Expenditures	3,978	3,599	379
Excess (Deficiency) of Revenues Over Expenditures	-	(392)	392
OTHER FINANCING SOURCES (USES)			
Transfers In from Other Funds	-	-	-
Transfers (Out to) Other Funds	-	-	-
Total Other Financing Sources and Uses	-	-	-
Excess (Deficiency) of Revenues, Over (Under) Expenditures, and Other Financing Sources (Uses), Budgetary Basis	$ -	(392)	$ 392
RECONCILIATION OF BUDGETARY/ GAAP REPORTING			
Adjust Expenditures for Encumbrances		9	
Funds Not Annually Budgeted		-	
Excess (Deficiency) of Revenues, Over (Under) Expenditures, and Other Financing Sources (Uses), GAAP Basis		(383)	
Fund Balances - Beginning of Year		5,972	
Fund Balances - End of Year		$ 5,589	

Fishermen's			Fish and Game		
Budget	Actual	Variance with Budget	Budget	Actual	Variance with Budget
$ -	$ -	$ -	$ -	$ -	$ -
1,084	1,084	-	25,274	25,274	-
-	-	-	431	431	-
-	-	-	-	44	(44)
-	-	-	-	-	-
-	-	-	-	1	(1)
-	-	-	-	403	(403)
-	-	-	26,343	48	26,295
-	-	-	33,249	28,931	4,318
1,084	1,084	-	85,297	55,132	30,165
-	-	-	1,312	1,312	-
-	-	-	-	-	-
1,619	887	732	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	68,919	58,657	10,262
-	-	-	-	-	-
-	-	-	-	-	-
1,619	887	732	70,231	59,969	10,262
(535)	197	(732)	15,066	(4,837)	19,903
-	-	-	3,847	3,847	-
-	-	-	(9,510)	(5,324)	(4,186)
-	-	-	(5,663)	(1,477)	(4,186)
$ (535)	197	$ (732)	$ 9,403	(6,314)	$ 15,717
	-			3,466	
	-			-	
	197			(2,848)	
	11,515			11,841	
	$ 11,712			$ 8,993	

This statement continued on the next page.

	School		
	Budget	Actual	Variance with Budget
REVENUES			
Unrestricted:			
Taxes	$ 23,133	$ 23,440	$ (307)
Licenses and Permits	-	-	-
Charges for Services	-	-	-
Fines and Forfeitures	-	-	-
Rents and Royalties	-	-	-
Premiums and Contributions	-	-	-
Interest and Investment Income	-	-	-
Other Revenues	-	-	-
Restricted:			
Federal Grants in Aid	-	-	-
Total Revenues	23,133	23,440	(307)
EXPENDITURES			
Current:			
General Government	-	-	-
Education	23,000	22,718	282
Health and Human Services	-	-	-
Law and Justice	-	-	-
Public Protection	-	-	-
Natural Resources	-	-	-
Development	-	-	-
Transportation	-	-	-
Total Expenditures	23,000	22,718	282
Excess (Deficiency) of Revenues Over Expenditures	133	722	(589)
OTHER FINANCING SOURCES (USES)			
Transfers In from Other Funds	-	-	-
Transfers (Out to) Other Funds	-	-	-
Total Other Financing Sources and Uses	-	-	-
Excess (Deficiency) of Revenues, Over (Under) Expenditures, and Other Financing Sources (Uses), Budgetary Basis	$ 133	722	$ (589)
RECONCILIATION OF BUDGETARY/ GAAP REPORTING			
Adjust Expenditures for Encumbrances		-	
Funds Not Annually Budgeted		-	
Excess (Deficiency) of Revenues, Over (Under) Expenditures, and Other Financing Sources (Uses), GAAP Basis		722	
Fund Balances - Beginning of Year		5,466	
Fund Balances - End of Year		$ 6,188	

National Petroleum Reserve			Clean Air Protection		
Budget	Actual	Variance with Budget	Budget	Actual	Variance with Budget
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	3,807	3,807	-
-	-	-	-	-	-
-	-	-	4	4	-
21,325	21,325	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
21,325	21,325	-	3,811	3,811	-
2,387	2,387	-	77	77	-
231	231	-	-	-	-
644	644	-	7	7	-
-	-	-	-	-	-
3,418	3,418	-	-	-	-
991	991	-	3,265	3,265	-
31,074	31,015	59	-	-	-
-	-	-	-	-	-
38,745	38,686	59	3,349	3,349	-
(17,420)	(17,361)	(59)	462	462	-
-	-	-	-	-	-
(1)	(1)	-	-	-	-
(1)	(1)	-	-	-	-
$ (17,421)	(17,362)	$ (59)	$ 462	462	$ -
	25,364			-	
	-			-	
	8,002			462	
	37,327			3,022	
	$ 45,329			$ 3,484	

This statement continued on the next page.

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2010
(Stated in Thousands)

	Exxon Valdez Oil Spill Restoration		
	Budget	Actual	Variance with Budget
REVENUES			
Unrestricted:			
Taxes	$ -	$ -	$ -
Licenses and Permits	-	-	-
Charges for Services	-	-	-
Fines and Forfeitures	-	-	-
Rents and Royalties	-	-	-
Premiums and Contributions	-	-	-
Interest and Investment Income	124	124	-
Other Revenues	-	-	-
Restricted:			
Federal Grants in Aid	-	-	-
Total Revenues	124	124	-
EXPENDITURES			
Current:			
General Government	-	-	-
Education	-	-	-
Health and Human Services	-	-	-
Law and Justice	400	-	400
Public Protection	-	-	-
Natural Resources	-	-	-
Development	-	-	-
Transportation	2,653	-	2,653
Total Expenditures	3,053	-	3,053
Excess (Deficiency) of Revenues Over Expenditures	(2,929)	124	(3,053)
OTHER FINANCING SOURCES (USES)			
Transfers In from Other Funds	-	-	-
Transfers (Out to) Other Funds	-	-	-
Total Other Financing Sources and Uses	-	-	-
Excess (Deficiency) of Revenues, Over (Under) Expenditures, and Other Financing Sources (Uses), Budgetary Basis	$ (2,929)	124	$ (3,053)
RECONCILIATION OF BUDGETARY/ GAAP REPORTING			
Adjust Expenditures for Encumbrances		-	
Funds Not Annually Budgeted		-	
Excess (Deficiency) of Revenues, Over (Under) Expenditures, and Other Financing Sources (Uses), GAAP Basis		124	
Fund Balances - Beginning of Year		3,655	
Fund Balances - End of Year		$ 3,779	

Alyeska Settlement Trust			Exxon Valdez Settlement Trust		
Budget	Actual	Variance with Budget	Budget	Actual	Variance with Budget
$ -	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,318	2,318	-
280	280	-	113	113	-
-	-	-	9	9	-
-	-	-	-	-	-
280	280	-	2,440	2,440	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	11,857	2,169	9,688
-	-	-	-	-	-
5,429	200	5,229	-	-	-
5,429	200	5,229	11,857	2,169	9,688
(5,149)	80	(5,229)	(9,417)	271	(9,688)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
$ (5,149)	80	$ (5,229)	$ (9,417)	271	$ (9,688)
	200			226	
	-			-	
	280			497	
	8,233			2,412	
	$ 8,513			$ 2,909	

This statement continued on the next page.

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Nonmajor Special Revenue Funds
For the Fiscal Year Ended June 30, 2010
(Stated in Thousands)

	Mine Reclamation Trust		
	Budget	Actual	Variance with Budget
REVENUES			
Unrestricted:			
Taxes	$ -	$ -	$ -
Licenses and Permits	-	-	-
Charges for Services	-	-	-
Fines and Forfeitures	-	-	-
Rents and Royalties	-	-	-
Premiums and Contributions	-	-	-
Interest and Investment Income	36	36	-
Other Revenues	-	-	-
Restricted:			
Federal Grants in Aid	-	-	-
Total Revenues	36	36	-
EXPENDITURES			
Current:			
General Government	-	-	-
Education	-	-	-
Health and Human Services	-	-	-
Law and Justice	-	-	-
Public Protection	-	-	-
Natural Resources	51	20	31
Development	-	-	-
Transportation	-	-	-
Total Expenditures	51	20	31
Excess (Deficiency) of Revenues Over Expenditures	(15)	16	(31)
OTHER FINANCING SOURCES (USES)			
Transfers In from Other Funds	-	-	-
Transfers (Out to) Other Funds	-	-	-
Total Other Financing Sources and Uses	-	-	-
Excess (Deficiency) of Revenues, Over (Under) Expenditures, and Other Financing Sources (Uses), Budgetary Basis	$ (15)	16	$ (31)
RECONCILIATION OF BUDGETARY/ GAAP REPORTING			
Adjust Expenditures for Encumbrances		1	
Funds Not Annually Budgeted		-	
Excess (Deficiency) of Revenues, Over (Under) Expenditures, and Other Financing Sources (Uses), GAAP Basis		17	
Fund Balances - Beginning of Year		851	
Fund Balances - End of Year		$ 868	

Funds Not Annually Budgeted						
Reclamation Bonding Pool	Northern Tobacco Securitization Corporation	Alaska Housing Capital Corporation	Total Nonmajor Special Revenue Funds			
Actual	Actual	Actual	Budget	Actual	Variance with Budget	
$ -	$ -	$ -	$ 23,133	$ 23,440	$ (307)	
-	-	-	30,165	30,165	-	
-	-	-	431	431	-	
-	-	-	4	105	(101)	
-	-	-	21,325	21,325	-	
-	-	-	6,296	5,434	862	
-	-	-	553	956	(403)	
-	-	-	26,352	92	26,260	
-	-	-	33,249	28,931	4,318	
-	-	-	141,508	110,879	30,629	
-	-	-	3,776	3,776	-	
-	-	-	23,231	22,949	282	
-	-	-	6,248	5,137	1,111	
-	-	-	400	-	400	
-	-	-	3,418	3,418	-	
-	-	-	85,083	65,102	19,981	
-	-	-	31,074	31,015	59	
-	-	-	8,082	200	7,882	
-	-	-	161,312	131,597	29,715	
-	-	-	(19,804)	(20,718)	914	
-	-	-	3,847	3,847	-	
-	-	-	(9,511)	(5,325)	(4,186)	
-	-	-	(5,664)	(1,478)	(4,186)	
-	-	-	$ (25,468)	(22,196)	$ (3,272)	
-	-	-		29,266		
128	(3,744)	11,910		8,294		
128	(3,744)	11,910		15,364		
1,250	3,891	350,407		445,842		
$ 1,378	$ 147	$ 362,317		$ 461,206		

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Nonmajor Debt Service Funds

The debt service funds account for the accumulation of resources for, and the payment of, principal, interest, and related costs of general long-term debt. The following are the State's debt service funds.

- **Alaska Fish and Game Revenue Bond Redemption Fund (Fund 14122)** – AS 37.15.770 – Accounts for accumulation of resources for, and the payment of, principal, interest, redemption premium, and related trustee fees on the Sport Fishing Revenue Bonds.
- **General Obligation Bond Redemption Fund (Fund 14050)** – Accounts for accumulation of resources for, and the payment of, principal, interest, and related costs of general obligation bonds.
- **Northern Tobacco Securitization Corporation (NTSC) Bond Redemption Fund (Fund 14120)** – AS 18.56.086 – Accounts for accumulation of resources for, and the payment of, principal, interest, and related costs of revenue bonds issued by NTSC.

STATE OF ALASKA **STATEMENT 3.41**
Combining Balance Sheet
Nonmajor Debt Service Funds
June 30, 2010
(Stated in Thousands)

	General Obligation Bond Redemption	Northern Tobacco Securitization Corporation	Alaska Fish and Game Revenue Bond Redemption	Total Nonmajor Debt Service Funds
ASSETS				
Cash and Investments	$ 2,324	$ 36,545	$ 6,269	$ 45,138
Interest and Dividends Receivable	-	5	-	5
Due from Other Funds	-	-	843	843
Total Assets	$ 2,324	$ 36,550	$ 7,112	$ 45,986
LIABILITIES AND FUND BALANCES				
Liabilities:	$ -	$ -	$ -	$ -
Total Liabilities	-	-	-	-
Fund Balances:				
Restricted for:				
Debt Service	2,324	36,550	7,112	45,986
Total Fund Balances	2,324	36,550	7,112	45,986
Total Liabilities and Fund Balances	$ 2,324	$ 36,550	$ 7,112	$ 45,986

	General Obligation Bond Redemption	Northern Tobacco Securitization Corporation	Alaska Fish and Game Revenue Bond Redemption	Total Nonmajor Debt Service Funds
REVENUES				
Interest and Investment Income	$ 3	$ 92	$ 2	$ 97
Other Revenues	-	25,202	-	25,202
Total Revenues	3	25,294	2	25,299
EXPENDITURES				
Debt Service:				
Principal	27,105	7,010	3,285	37,400
Interest and Other Charges	21,839	18,414	2,656	42,909
Total Expenditures	48,944	25,424	5,941	80,309
Excess (Deficiency) of Revenues Over Expenditures	(48,941)	(130)	(5,939)	(55,010)
OTHER FINANCING SOURCES (USES)				
Transfers In from Other Funds	43,132	3,683	5,324	52,139
Total Other Financing Sources and Uses	43,132	3,683	5,324	52,139
Net Change in Fund Balances	(5,809)	3,553	(615)	(2,871)
Fund Balances - Beginning of Year	8,133	32,997	7,727	48,857
Fund Balances - End of Year	$ 2,324	$ 36,550	$ 7,112	$ 45,986

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Nonmajor Capital Projects Funds

The capital projects funds account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds). The following are the State's capital projects funds.

- **2008 Transportation Project Fund (GO Bonds) (Fund 13113)** – Chapter 30, SLA 2008 – This fund consists of the proceeds from the sale of $165,000,000 of general obligation bonds, and is to be used for the purpose of paying the cost of state transportation projects.
- **Accelerated Alaska Transportation Projects Fund (Fund 13110)** – Chapter 114, SLA 2002 – This fund consists of the proceeds from the sale of $102,805,000 of general obligation bonds, and is to be used for the purpose of paying the cost of State transportation projects that qualify for federal highway aid.
- **Alaska Sport Fishing Construction Account (Fund 13220)** – AS 16.05.130(f) – This fund consists of the proceeds from the sale of $58,060,000 of Sport Fishing Revenue Bonds and General Fund money appropriated by the legislature. The purpose of the fund is to finance the construction and renovation of fisheries rehabilitation, enhancement, and development projects that benefit sport fishing.
- **Educational and Museum Facility Design, Construction, and Major Maintenance Fund (GO Bonds) (Fund 13112)** – Chapter 2, SSSLA 2002 – This fund consists of the proceeds from the sale of $235,215,500 of general obligation bonds, and is to be used for the purpose of paying the cost of design, construction, and major maintenance of educational and museum facilities.
- **Transportation Projects Fund (GO Bonds) (Fund 13111)** – Chapter 114, SLA 2002 – This fund consists of the proceeds from the sale of $123,914,500 of general obligation bonds, and is to be used for the purpose of paying the cost of state transportation projects.

	Accelerated Alaska Transportation Projects	Transportation Projects
ASSETS		
Cash and Investments	$ 1,205	$ 945
Interest and Dividends Receivable	1	-
Total Assets	$ 1,206	$ 945
LIABILITIES AND FUND BALANCES		
Liabilities:		
Accounts Payable and Accrued Liabilities	$ -	$ -
Due to Other Funds	141	2
Total Liabilities	141	2
Fund Balances:		
Restricted for:		
Education	-	-
Development	1,065	943
Total Fund Balances	1,065	943
Total Liabilities and Fund Balances	$ 1,206	$ 945

Educational and Museum Facility Design, Construction, and Major Maintenance	Alaska Sport Fishing Construction Account	2008 Transportation Projects	Total Nonmajor Capital Projects Funds
$ 9,597	$ 76,989	$ 114,869	$ 203,605
8	68	102	179
$ 9,605	$ 77,057	$ 114,971	$ 203,784
$ -	$ -	$ 1,927	$ 1,927
-	12,700	2,032	14,875
-	12,700	3,959	16,802
9,605	-	-	9,605
-	64,357	111,012	177,377
9,605	64,357	111,012	186,982
$ 9,605	$ 77,057	$ 114,971	$ 203,784

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
Nonmajor Capital Projects Funds
For the Fiscal Year Ended June 30, 2010
(Stated in Thousands)

	Accelerated Alaska Transportation Projects	Transportation Projects
REVENUES		
Interest and Investment Income	$ 29	$ 32
Total Revenues	29	32
EXPENDITURES		
Current:		
University	-	-
Natural Resources	-	-
Transportation	1,824	2,703
Total Expenditures	1,824	2,703
Excess (Deficiency) of Revenues Over Expenditures	(1,795)	(2,671)
OTHER FINANCING SOURCES (USES)		
Transfers (Out to) Other Funds	(877)	(1,398)
Total Other Financing Sources and Uses	(877)	(1,398)
Net Change in Fund Balances	(2,672)	(4,069)
Fund Balances - Beginning of Year	3,737	5,012
Fund Balances - End of Year	$ 1,065	$ 943

Educational and Museum Facility Design, Construction, and Major Maintenance	Alaska Sport Fishing Construction Account	2008 Transportation Projects	Total Nonmajor Capital Projects Funds
$ 120	$ 1,288	$ 1,660	$ 3,129
120	1,288	1,660	3,129
16	-	-	16
-	58,967	-	58,967
-	-	41,461	45,988
16	58,967	41,461	104,971
104	(57,679)	(39,801)	(101,842)
(1,439)	-	-	(3,714)
(1,439)	-	-	(3,714)
(1,335)	(57,679)	(39,801)	(105,556)
10,940	122,036	150,813	292,538
$ 9,605	$ 64,357	$ 111,012	$ 186,982

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Nonmajor Enterprise Funds

Enterprise funds account for business-like state activities that provide goods and/or services to the public and are financed primarily through user charges. The following are the State's nonmajor enterprise funds.

COMMERCIAL ASSISTANCE ENTERPRISE FUNDS

- **Alaska Capstone Avionics Revolving Loan Fund (Fund 21628)** – AS 44.33.655 – Administered by the Department of Commerce, Community, and Economic Development (DCCED). The purpose of this fund is to provide low interest loans to qualified applicants for the purpose of purchasing and installing capstone avionics equipment, to increase the safety of air carrier, air taxi and general aviation intrastate air transportation.

- **Alaska World War II Veterans' Revolving Loan Fund (Fund 21605)** – AS 26.15.090 – Administered by DCCED. The fund was created for the purpose of making home, education, or personal loans to eligible veterans. However, no loans are currently being made from the fund.

- **Commercial Fishing Revolving Loan Fund (Fund 21608)** – AS 16.10.340 – Administered by DCCED. The purpose of this fund is to promote the development and continued maintenance of commercial fishing gear and vessels by means of long-term, low interest loans.

- **Fisheries Enhancement Revolving Loan Fund (Fund 21615)** – AS 16.10.505 – Administered by DCCED. The purpose of this fund is to promote the enhancement of the State's fisheries by means of long-term, low interest loans for hatchery planning, construction, and operation.

- **Historical District Revolving Loan Fund (Fund 21614)** – AS 45.98.010 – Administered by DCCED. The purpose of this fund is to make loans for the restoration or rehabilitation of structures within the boundaries of a historical district. These structures are identified as important to state or national history and are suitable for superficial modification to conform to the period or motif of the surrounding area.

- **Mining Revolving Loan Fund (Fund 21625)** – AS 27.09.010 – Administered by DCCED. This fund consists of money appropriated by the legislature for loans to underwrite advanced mineral exploration, development, or mining.

- **Small Business Revolving Loan Fund (Fund 21607)** – AS 45.81.240 – Administered by DCCED. The purpose of this fund is to make small business loans. Loans may be used to acquire, finance, refinance or equip businesses, including mining, fishing, and farming equipment.

ENERGY ASSISTANCE ENTERPRISE FUNDS

- **Alternative Energy Revolving Loan Fund (Fund 21619)** – AS 45.88.010 – Administered by DCCED. This fund consists of monies appropriated by the legislature for the purpose of developing energy production from sources other than fossil or nuclear fuel.

- **Bulk Fuel Bridge Loan Fund (Fund 21627)** – AS 29.60.660 – Administered by DCCED. The purpose of this fund is to assist communities, utilities providing power in communities, fuel retailers, and other persons in communities in purchasing bulk fuel to generate power or supply the public with fuel for use in communities, if no other funding source exists for the purchase.

- **Residential Energy Conservation Fund (Fund 21623)** – AS 45.89.010 – Administered by DCCED. This fund consists of money appropriated by the legislature for grants and loans to purchase, construct, or install energy conservation improvements.

OTHER AGENCIES ENTERPRISE FUNDS

- **Agricultural Revolving Loan Fund (Fund 21606)** – AS 03.10.040 – Administered by the Department of Natural Resources. The purpose of this fund is to promote the development of agriculture as an industry throughout the State by means of long-term, low interest loans.

- **Alaska Clean Water Fund (Fund 21658)** – AS 46.03.032-035 & 37.15.565 – Administered by the Department of Environmental Conservation. The fund consists of money appropriated by the legislature to meet federal matching requirements for public water and sewage treatment facilities and to provide financial assistance for this purpose.

- **Alaska Drinking Water Fund (Fund 21659)** – AS 46.03.036-039 & 37.15.565 – Administered by the Department of Environmental Conservation. The fund consists of federal capitalization grants. The capitalization grants are divided between two purposes: (1) part of each capitalization grant is to be deposited into the fund for providing loans for drinking water infrastructure projects; (2) the other part is to be used or set aside for non-project activities.

- **Alcoholism and Drug Abuse Revolving Loan Fund (Fund 21642)** – AS 44.29.210 – Administered by the Department of Health and Social Services. This fund is required under 42 U.S.C. 300x-25 to qualify the State to receive block grant money from the United States Department of Health and Human Services under 42 U.S.C. 300x-21. Money in the fund may be used to make loans to private nonprofit organizations for the cost of establishing programs to help pay the living expenses of individuals recovering from alcohol or drug abuse who may reside in group homes.

- **Knik Arm Bridge and Toll Authority (Fund 21680)** – AS 19.75.021 – Administered by the Department of Transportation and Public Facilities. This fund is to be used for the purpose of developing public transportation systems in the vicinity of Upper Cook Inlet with the construction of a bridge to span Knik Arm and connect the Municipality of Anchorage with the Matanuska-Susitna Borough. These monies may be used to own, acquire, construct, develop, create, reconstruct, equip, operate, maintain, extend, and improve the Knik Arm Bridge and its appurtenant facilities. The authority can fix and collect fees, rents, tolls, rates or other charges for the use of the bridge and its facilities which would become revenue to the fund.

- **Unemployment Compensation Fund (Fund 33030)** – AS 23.20.130 – Administered by the Department of Labor and Workforce Development. This federal trust fund is established and maintained in the United States Treasury. It is used to account for unemployment contributions from employers and unemployment benefits paid to eligible claimants.

Combining Statement of Net Assets
Nonmajor Enterprise Funds
June 30, 2010
(Stated in Thousands)

	Commercial Assistance	Energy Assistance	Other Agencies	Total Nonmajor Enterprise Funds
ASSETS				
Current Assets:				
Cash and Investments	$ 76,868	$ 6,717	$ 382,903	$ 466,488
Accounts Receivable - Net	234	-	14,078	14,312
Interest and Dividends Receivable	3,651	-	1,692	5,343
Due from Other Funds	43	-	576	619
Due from Other Governments	-	-	3,194	3,194
Loans, Notes, and Bonds Receivable	7,774	874	17,283	25,931
Other Current Assets	-	-	47	47
Total Current Assets	88,570	7,591	419,773	515,934
Noncurrent Assets:				
Interest and Dividends Receivable	20,219	-	-	20,219
Loans, Notes, and Bonds Receivable	105,526	143	251,652	357,321
Repossessed Property	44	-	652	696
Investment in Projects, Partnerships, or Corporations	-	-	3,780	3,780
Other Noncurrent Assets	-	-	2,567	2,567
Capital Assets:				
Construction in Progress	-	-	41,076	41,076
Total Noncurrent Assets	125,789	143	299,727	425,659
Total Assets	214,359	7,734	719,500	941,593
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	337	12	4,441	4,790
Due to Other Funds	377	5	3,089	3,471
Due to Other Governments	-	-	4,074	4,074
Claims, Judgments, Compensated Absences, and Pollution Remediation	896	-	29	925
Other Current Liabilities	-	-	524	524
Total Current Liabilities	1,610	17	12,157	13,784
Noncurrent Liabilities:				
Claims, Judgments, Compensated Absences, and Pollution Remediation	333	-	127	460
Total Noncurrent Liabilities	333	-	127	460
Total Liabilities	1,943	17	12,284	14,244
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	-	-	41,076	41,076
Restricted for:				
Unemployment Compensation	-	-	264,904	264,904
Health and Human Services	-	-	378,469	378,469
Other Purposes	-	-	214	214
Unrestricted	212,416	7,717	22,553	242,686
Total Net Assets	$ 212,416	$ 7,717	$ 707,216	$ 927,349

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Nonmajor Enterprise Funds
For the Fiscal Year Ended June 30, 2010
(Stated in Thousands)

	Commercial Assistance	Energy Assistance	Other Agencies	Total Nonmajor Enterprise Funds
OPERATING REVENUES				
Premiums and Contributions	$ -	$ -	$ 168,524	$ 168,524
Charges for Goods and Services	218	-	1,079	1,297
Interest and Investment Income	12,884	2	2,708	15,594
Allowance for Uncollectible Interest	(772)	-	-	(772)
Fines and Forfeitures	42	-	23	65
Federal Reimbursements	-	-	82,805	82,805
Total Operating Revenues	12,372	2	255,139	267,513
OPERATING EXPENSES				
Benefits	-	-	340,147	340,147
Operating	4,203	240	936	5,379
Depreciation	-	-	36	36
Provision for Loan Losses and Forgiveness	(1,443)	-	-	(1,443)
Total Operating Expenses	2,760	240	341,119	344,119
Operating Income (Loss)	9,612	(238)	(85,980)	(76,606)
NONOPERATING REVENUES (EXPENSES)				
Interest and Investment Income	161	216	19,142	19,519
Interest and Investment Expense	-	-	(3)	(3)
Gain (Loss) on Disposal of Capital Assets	-	-	125	125
Other Nonoperating Revenues (Expenses)	(910)	-	11,203	10,293
Total Nonoperating Revenues (Expenses)	(749)	216	30,467	29,934
Income Before Capital Contributions and Transfers	8,863	(22)	(55,513)	(46,672)
Capital Contributions	-	-	23,595	23,595
Transfers In from Other Funds	-	-	622	622
Transfers (Out to) Other Funds	(1,500)	(5)	-	(1,505)
Change in Net Assets	7,363	(27)	(31,296)	(23,960)
Total Net Assets - Beginning of Year	205,053	7,744	738,512	951,309
Total Net Assets - End of Year	$ 212,416	$ 7,717	$ 707,216	$ 927,349

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	Commercial Assistance	Energy Assistance	Other Agencies	Total Nonmajor Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from Other Governments	$ -	$ -	$ 82,855	$ 82,855
Receipts from Customers	368	-	-	368
Receipts for Interfund Services Provided	405	-	-	405
Receipt of Principal from Loan Recipients	12,793	2,656	21,016	36,465
Receipt of Interest and Fees from Loan Recipients	14,965	2	3,392	18,359
Receipts from Insured	-	-	168,238	168,238
Payments to Employees	(3,266)	(34)	(491)	(3,791)
Payments to Suppliers	-	-	(686)	(686)
Payments to Loan Recipients	(15,235)	(2,719)	(64,452)	(82,406)
Claims Paid	-	-	(340,741)	(340,741)
Payments for Interfund Services Used	(1,161)	-	(166)	(1,327)
Other Receipts	94	-	254	348
Other Payments	(339)	(140)	(701)	(1,180)
Net Cash Provided (Used) by Operating Activities	8,624	(235)	(131,482)	(123,093)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Subsidies and Transfers (Out to) Other Funds	(1,308)	(10)	(2,073)	(3,391)
Operating Subsidies and Transfers In from Other Funds	-	-	783	783
Federal Grants	-	-	30,179	30,179
Proceeds from Issuance of Short-term Debt	-	-	2,592	2,592
Payments on Short-term Debt	-	-	(2,592)	(2,592)
Interest and Fees Paid on Borrowing	-	-	(3)	(3)
Net Cash Provided (Used) by Noncapital Financing Activities	(1,308)	(10)	28,886	27,568
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Capital Contributions	-	-	426	426
Acquisition and Construction of Capital Assets	-	-	(4,485)	(4,485)
Interest and Fees Paid on Capital Debt	-	-	(67)	(67)
Federal Grants	-	-	4,126	4,126
Other Receipts (Payments)	-	-	124	124
Net Cash Provided (Used) by Capital and Related Financing Activities	-	-	124	124
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from Sales/Maturities of Investments	-	-	26	26
Interest and Dividends on Investments	161	216	17,463	17,840
Net Cash Provided (Used) by Investing Activities	161	216	17,489	17,866
Net Increase (Decrease) in Cash	7,477	(29)	(84,983)	(77,535)
Cash and Cash Equivalents - Beginning of Year	69,391	6,746	467,886	544,023
Cash and Cash Equivalents - End of Year	$ 76,868	$ 6,717	$ 382,903	$ 466,488

This statement continued on the next page.

	Commercial Assistance	Energy Assistance	Other Agencies	Total Nonmajor Enterprise Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	$ 9,612	$ (238)	$ (85,980)	$ (76,606)
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:				
Depreciation and Amortization	-	-	36	36
Other Reconciling Items	-	-	134	134
Net Changes in Assets and Liabilities:				
Accounts Receivable - Net	(50)	-	(3,373)	(3,423)
Due from Other Funds	(44)	-	(487)	(531)
Due from Other Governments	-	-	2,192	2,192
Loans, Notes, and Bonds Receivable - Net	(3,417)	26	(43,299)	(46,690)
Repossessed Property	-	-	145	145
Investment in Projects, Partnerships, or Corporations	-	-	(122)	(122)
Interest and Dividends Receivable - Net	2,547	-	394	2,941
Other Assets	103	-	(175)	(72)
Due to Other Funds	-	-	367	367
Due to Other Governments	-	-	592	592
Accounts Payable and Accrued Liabilities	(127)	(23)	(2,075)	(2,225)
Other Liabilities	-	-	169	169
Net Cash Provided (Used) by Operating Activities	$ 8,624	$ (235)	$ (131,482)	$ (123,093)
Reconciliation of Cash to the Statement of Net Assets:				
Total Cash and Investments per the Statement of Net Assets	$ 76,868	$ 6,717	$ 382,903	$ 466,488
Cash, End of Year	$ 76,868	$ 6,717	$ 382,903	$ 466,488
Noncash Investing, Capital, and Financing Activities:				
Contributed Capital Assets	-	-	124	124
Transfers (Out to) Other Funds (Accrual)	(425)	(5)	(1,116)	(1,546)

STATE OF ALASKA **STATEMENT 4.11**
Combining Statement of Net Assets
Commercial Assistance Enterprise Funds
June 30, 2010
(Stated in Thousands)

	Alaska World War II Veterans' Revolving Loan	Small Business Revolving Loan	Commercial Fishing Revolving Loan
ASSETS			
Current Assets:			
Cash and Investments	$ 100	$ 51	$ 36,742
Accounts Receivable - Net	234	-	-
Interest and Dividends Receivable	-	-	2,237
Due from Other Funds	-	-	43
Loans, Notes, and Bonds Receivable	-	-	6,451
Total Current Assets	334	51	45,473
Noncurrent Assets:			
Interest and Dividends Receivable	-	-	2,502
Loans, Notes, and Bonds Receivable	-	-	55,991
Repossessed Property	-	-	44
Total Noncurrent Assets	-	-	58,537
Total Assets	334	51	104,010
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	-	-	337
Due to Other Funds	100	51	-
Claims, Judgments, Compensated Absences, and Pollution Remediation	-	-	196
Total Current Liabilities	100	51	533
Noncurrent Liabilities:			
Claims, Judgments, Compensated Absences, and Pollution Remediation	-	-	123
Total Noncurrent Liabilities	-	-	123
Total Liabilities	100	51	656
NET ASSETS			
Unrestricted	234	-	103,354
Total Net Assets	$ 234	$ -	$ 103,354

Historical District Revolving Loan	Fisheries Enhancement Revolving Loan	Mining Revolving Loan	Alaska Capstone Avionics Revolving Loan	Total Commercial Assistance Enterprise Funds
$ 96	$ 34,960	$ 202	$ 4,717	$ 76,868
-	-	-	-	234
1	1,409	-	4	3,651
-	-	-	-	43
15	966	-	342	7,774
112	37,335	202	5,063	88,570
-	17,717	-	-	20,219
42	49,454	-	39	105,526
-	-	-	-	44
42	67,171	-	39	125,789
154	104,506	202	5,102	214,359
-	-	-	-	337
21	203	2	-	377
-	700	-	-	896
21	903	2	-	1,610
-	210	-	-	333
-	210	-	-	333
21	1,113	2	-	1,943
133	103,393	200	5,102	212,416
$ 133	$ 103,393	$ 200	$ 5,102	$ 212,416

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Commercial Assistance Enterprise Funds
For the Fiscal Year Ended June 30, 2010
(Stated in Thousands)

	Alaska World War II Veterans' Revolving Loan	Small Business Revolving Loan	Commercial Fishing Revolving Loan
OPERATING REVENUES			
Charges for Goods and Services	$ -	$ -	$ 208
Interest and Investment Income	-	-	5,167
Allowance for Uncollectible Interest	-	-	-
Fines and Forfeitures	-	-	42
Total Operating Revenues	-	-	5,417
OPERATING EXPENSES			
Operating	(50)	-	3,827
Provision for Loan Losses and Forgiveness	-	-	293
Total Operating Expenses	(50)	-	4,120
Operating Income (Loss)	50	-	1,297
NONOPERATING REVENUES (EXPENSES)			
Interest and Investment Income	-	-	-
Other Nonoperating Revenues (Expenses)	-	-	-
Total Nonoperating Revenues (Expenses)	-	-	-
Income Before Capital Contributions and Transfers	50	-	1,297
Transfers (Out to) Other Funds	(100)	(51)	(1,326)
Change in Net Assets	(50)	(51)	(29)
Total Net Assets - Beginning of Year	284	51	103,383
Total Net Assets - End of Year	$ 234	$ -	$ 103,354

Historical District Revolving Loan	Fisheries Enhancement Revolving Loan	Mining Revolving Loan	Alaska Capstone Avionics Revolving Loan	Total Commercial Assistance Enterprise Funds
$ -	$ 10	$ -	$ -	$ 218
5	7,703	-	9	12,884
-	(772)	-	-	(772)
-	-	-	-	42
5	6,941	-	9	12,372
-	403	-	23	4,203
(1)	(1,745)	(2)	12	(1,443)
(1)	(1,342)	(2)	35	2,760
6	8,283	2	(26)	9,612
-	-	-	161	161
-	(910)	-	-	(910)
-	(910)	-	161	(749)
6	7,373	2	135	8,863
(21)	-	(2)	-	(1,500)
(15)	7,373	-	135	7,363
148	96,020	200	4,967	205,053
$ 133	$ 103,393	$ 200	$ 5,102	$ 212,416

Combining Statement of Cash Flows
Commercial Assistance Enterprise Funds
For the Fiscal Year Ended June 30, 2010
(Stated in Thousands)

	Alaska World War II Veterans' Revolving Loan	Small Business Revolving Loan	Commercial Fishing Revolving Loan
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	$ -	$ -	$ 368
Receipts for Interfund Services Provided	-	-	405
Receipts of Principal from Loan Recipients	-	1	10,305
Receipt of Interest and Fees from Loan Recipients	-	-	5,356
Payments to Employees	-	-	(3,266)
Payments to Loan Recipients	-	-	(12,650)
Payments for Interfund Services Used	-	-	(758)
Other Receipts	-	-	94
Other Payments	(3)	-	(313)
Net Cash Provided (Used) by Operating Activities	(3)	1	(459)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Subsidies and Transfers (Out to) Other Funds	(18)	(29)	(1,391)
Net Cash Provided (Used) by Noncapital Financing Activities	(18)	(29)	(1,391)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and Dividends on Investments	-	-	-
Net Cash Provided (Used) by Investing Activities	-	-	-
Net Increase (Decrease) in Cash	(21)	(28)	(1,850)
Cash and Cash Equivalents - Beginning of Year	121	79	38,592
Cash and Cash Equivalents - End of Year	$ 100	$ 51	$ 36,742
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	$ 50	$ -	$ 1,297
Net Changes in Assets and Liabilities:			
Accounts Receivable - Net	(50)	-	-
Due From Other Funds	-	-	(44)
Loans, Notes and Bonds Receivable - Net	-	1	(2,346)
Interest and Dividends Receivable - Net	-	-	655
Other Assets	-	-	103
Accounts Payable and Accrued Liabilities	(3)	-	(124)
Net Cash Provided (Used) by Operating Activities	$ (3)	$ 1	$ (459)
Reconciliation of Cash to the Statement of Net Assets:			
Total Cash and Investments per the Statement of Net Assets	$ 100	$ 51	$ 36,742
Cash, End of Year	$ 100	$ 51	$ 36,742
Noncash Investing, Capital, and Financing Activities:			
Transfers (Out to) Other Funds (Accrual)	(100)	(51)	-

Historical District Revolving Loan	Fisheries Enhancement Revolving Loan	Mining Revolving Loan	Alaska Capstone Avionics Revolving Loan	Total Commercial Assistance Enterprise Funds
$ -	$ -	$ -	$ -	$ 368
-	-	-	-	405
16	2,458	2	11	12,793
5	9,599	-	5	14,965
-	-	-	-	(3,266)
-	(2,286)	-	(299)	(15,235)
-	(403)	-	-	(1,161)
-	-	-	-	94
-	-	-	(23)	(339)
21	9,368	2	(306)	8,624
(21)	203	(52)	-	(1,308)
(21)	203	(52)	-	(1,308)
-	-	-	161	161
-	-	-	161	161
-	9,571	(50)	(145)	7,477
96	25,389	252	4,862	69,391
$ 96	$ 34,960	$ 202	$ 4,717	$ 76,868
$ 6	$ 8,283	$ 2	$ (26)	$ 9,612
-	-	-	-	(50)
-	-	-	-	(44)
15	(811)	-	(276)	(3,417)
-	1,896	-	(4)	2,547
-	-	-	-	103
-	-	-	-	(127)
$ 21	$ 9,368	$ 2	$ (306)	$ 8,624
$ 96	$ 34,960	$ 202	$ 4,717	$ 76,868
$ 96	$ 34,960	$ 202	$ 4,717	$ 76,868
(21)	(203)	(50)	-	(425)

	Alternative Energy Revolving Loan	Residential Energy Conservation	Bulk Fuel Bridge Loan	Total Energy Assistance Enterprise Funds
ASSETS				
Current Assets:				
Cash and Investments	$ 130	$ 2	$ 6,585	$ 6,717
Loans, Notes, and Bonds Receivable	-	-	874	874
Total Current Assets	130	2	7,459	7,591
Noncurrent Assets:				
Loans, Notes, and Bonds Receivable	2	-	141	143
Total Noncurrent Assets	2	-	141	143
Total Assets	132	2	7,600	7,734
LIABILITIES				
Current Liabilities:				
Accounts Payable and Accrued Liabilities	-	-	12	12
Due to Other Funds	5	-	-	5
Total Current Liabilities	5	-	12	17
Total Liabilities	5	-	12	17
NET ASSETS				
Unrestricted	127	2	7,588	7,717
Total Net Assets	$ 127	$ 2	$ 7,588	$ 7,717

Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Energy Assistance Enterprise Funds
For the Fiscal Year Ended June 30, 2010
(Stated in Thousands)

	Alternative Energy Revolving Loan	Residential Energy Conservation	Bulk Fuel Bridge Loan	Total Energy Assistance Enterprise Funds
OPERATING REVENUES				
Interest and Investment Income	$ 2	$ -	$ -	$ 2
Total Operating Revenues	2	-	-	2
OPERATING EXPENSES				
Operating	-	-	240	240
Total Operating Expenses	-	-	240	240
Operating Income (Loss)	2	-	(240)	(238)
NONOPERATING REVENUES (EXPENSES)				
Interest and Investment Income	-	-	216	216
Total Nonoperating Revenues (Expenses)	-	-	216	216
Income Before Capital Contributions and Transfers	2	-	(24)	(22)
Transfers (Out to) Other Funds	(5)	-	-	(5)
Change in Net Assets	(3)	-	(24)	(27)
Total Net Assets - Beginning of Year	130	2	7,612	7,744
Total Net Assets - End of Year	$ 127	$ 2	$ 7,588	$ 7,717

	Alternative Energy Revolving Loan	Residential Energy Conservation	Bulk Fuel Bridge Loan	Total Energy Assistance Enterprise Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts of Principal from Loan Recipients	$ 3	$ -	$ 2,653	$ 2,656
Receipt of Interest and Fees from Loan Recipients	2	-	-	2
Payments to Employees	-	-	(34)	(34)
Payments to Loan Recipients	-	-	(2,719)	(2,719)
Other Payments	-	-	(140)	(140)
Net Cash Provided (Used) by Operating Activities	5	-	(240)	(235)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Operating Subsidies and Transfers (Out to) Other Funds	(6)	(2)	(2)	(10)
Net Cash Provided (Used) by Noncapital Financing Activities	(6)	(2)	(2)	(10)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and Dividends on Investments	-	-	216	216
Net Cash Provided (Used) by Investing Activities	-	-	216	216
Net Increase (Decrease) in Cash	(1)	(2)	(26)	(29)
Cash and Cash Equivalents - Beginning of Year	131	4	6,611	6,746
Cash and Cash Equivalents - End of Year	$ 130	$ 2	$ 6,585	$ 6,717
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating Income (Loss)	$ 2	$ -	$ (240)	$ (238)
Net Changes in Assets and Liabilities:				
Loans, Notes, and Bonds Receivable - Net	3	-	23	26
Accounts Payable and Accrued Liabilities	-	-	(23)	(23)
Net Cash Provided (Used) by Operating Activities	$ 5	$ -	$ (240)	$ (235)
Reconciliation of Cash to the Statement of Net Assets:				
Total Cash and Investments per the Statement of Net Assets	$ 130	$ 2	$ 6,585	$ 6,717
Cash, End of Year	$ 130	$ 2	$ 6,585	$ 6,717
Noncash Investing, Capital, and Financing Activities:				
Transfers (Out to) Other Funds (Accrual)	(5)	-	-	(5)

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	Alcoholism and Drug Abuse Revolving Loan	Agricultural Revolving Loan	Alaska Clean Water
ASSETS			
Current Assets:			
Cash and Investments	$ 214	$ 4,653	$ 81,013
Accounts Receivable - Net	-	87	459
Interest and Dividends Receivable	-	108	918
Due from Other Funds	-	570	-
Due from Other Governments	-	-	-
Loans, Notes, and Bonds Receivable	-	1,067	10,665
Other Current Assets	-	-	-
Total Current Assets	214	6,485	93,055
Noncurrent Assets:			
Loans, Notes, and Bonds Receivable	-	11,532	125,896
Repossessed Property	-	652	-
Investment in Projects, Partnerships, or Corporations	-	3,780	-
Other Noncurrent Assets	-	353	-
Capital Assets:			
Construction in Progress	-	-	-
Total Noncurrent Assets	-	16,317	125,896
Total Assets	214	22,802	218,951
LIABILITIES			
Current Liabilities:			
Accounts Payable and Accrued Liabilities	-	83	3
Due to Other Funds	-	-	1
Due to Other Governments	-	-	-
Claims, Judgments, Compensated Absences and Pollution Remediation	-	29	-
Other Current Liabilities	-	-	-
Total Current Liabilities	-	112	4
Noncurrent Liabilities:			
Claims, Judgments, Compensated Absences and Pollution Remediation	-	127	-
Total Noncurrent Liabilities	-	127	-
Total Liabilities	-	239	4
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	-	-	-
Restricted for:			
Unemployment Compensation	-	-	-
Health and Human Services	-	-	218,947
Other Purposes	214	-	-
Unrestricted	-	22,563	-
Total Net Assets	$ 214	$ 22,563	$ 218,947

Alaska Drinking Water	Knik Arm Bridge and Toll Authority	Unemployment Compensation	Total Other Agencies Enterprise Funds
$ 38,748	$ -	$ 258,275	$ 382,903
328	-	13,204	14,078
666	-	-	1,692
2	-	4	576
3	-	3,191	3,194
5,551	-	-	17,283
-	47	-	47
45,298	47	274,674	419,773
114,224	-	-	251,652
-	-	-	652
-	-	-	3,780
-	2,214	-	2,567
-	41,076	-	41,076
114,224	43,290	-	299,727
159,522	43,337	274,674	719,500
-	405	3,950	4,441
-	1,534	1,554	3,089
-	-	4,074	4,074
-	-	-	29
-	332	192	524
-	2,271	9,770	12,157
-	-	-	127
-	-	-	127
-	2,271	9,770	12,284
-	41,076	-	41,076
-	-	264,904	264,904
159,522	-	-	378,469
-	-	-	214
-	(10)	-	22,553
$ 159,522	$ 41,066	$ 264,904	$ 707,216

STATE OF ALASKA **STATEMENT 4.32**
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Other Agencies Enterprise Funds
For the Fiscal Year Ended June 30, 2010
(Stated in Thousands)

	Alcoholism and Drug Abuse Revolving Loan	Agricultural Revolving Loan	Alaska Clean Water
OPERATING REVENUES			
Premiums and Contributions	$ -	$ -	$ -
Charges for Goods and Services	-	2	649
Interest and Investment Income	-	580	1,187
Fines and Forfeitures	-	4	18
Federal Reimbursements	-	-	-
Total Operating Revenues	-	586	1,854
OPERATING EXPENSES			
Benefits	-	183	-
Operating	-	158	-
Depreciation	-	36	-
Total Operating Expenses	-	377	-
Operating Income (Loss)	-	209	1,854
NONOPERATING REVENUES (EXPENSES)			
Interest and Investment Income	7	1,679	3,000
Interest and Investment Expense	-	-	(1)
Gain (Loss) on Disposal of Capital Assets	-	125	-
Other Nonoperating Revenues (Expenses)	-	(138)	-
Total Nonoperating Revenues (Expenses)	7	1,666	2,999
Income Before Capital Contributions and Transfers	7	1,875	4,853
Capital Contributions	-	-	6,239
Transfers In from Other Funds	-	622	-
Change in Net Assets	7	2,497	11,092
Total Net Assets - Beginning of Year	207	20,066	207,855
Total Net Assets - End of Year	$ 214	$ 22,563	$ 218,947

Alaska Drinking Water	Knik Arm Bridge and Toll Authority	Unemployment Compensation	Total Other Agencies Enterprise Funds
$ -	$ -	$ 168,524	$ 168,524
428	-	-	1,079
941	-	-	2,708
1	-	-	23
-	-	82,805	82,805
1,370	-	251,329	255,139
-	-	339,964	340,147
-	778	-	936
-	-	-	36
-	778	339,964	341,119
1,370	(778)	(88,635)	(85,980)
1,567	-	12,889	19,142
(2)	-	-	(3)
-	-	-	125
-	928	10,413	11,203
1,565	928	23,302	30,467
2,935	150	(65,333)	(55,513)
12,748	4,608	-	23,595
-	-	-	622
15,683	4,758	(65,333)	(31,296)
143,839	36,308	330,237	738,512
$ 159,522	$ 41,066	$ 264,904	$ 707,216

	Alcoholism and Drug Abuse Revolving Loan	Agricultural Revolving Loan	Alaska Clean Water
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Other Governments	$ -	$ -	$ 26
Receipts of Principal from Loan Recipients	-	1,749	14,063
Receipt of Interest and Fees from Loan Recipients	-	539	1,602
Receipts from Insured	-	-	-
Payments to Employees	-	(183)	-
Payments to Suppliers	-	(219)	-
Payments to Loan Recipients	-	(3,286)	(32,347)
Claims Paid	-	-	-
Payments for Interfund Services Used	-	-	-
Other Receipts	-	254	-
Other Payments	-	(651)	(25)
Net Cash Provided (Used) by Operating Activities	-	(1,797)	(16,681)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Subsidies and Transfers (Out to) Other Funds	-	(187)	(770)
Operating Subsidies and Transfers In from Other Funds	-	622	-
Federal Grants	-	-	6,238
Proceeds from Issuance of Short-term Debt	-	-	963
Payments on Short-term Debt	-	-	(963)
Interest and Fees Paid on Borrowing	-	-	(1)
Net Cash Provided (Used) by Noncapital Financing Activities	-	435	5,467
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Capital Contributions	-	-	-
Acquisition and Construction of Capital Assets	-	-	-
Interest and Fees Paid on Capital Debt	-	-	-
Federal Grants	-	-	-
Other Receipts (Payments)	-	124	-
Net Cash Provided (Used) by Capital and Related Financing Activities	-	124	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from Sales/Maturities of Investments	-	26	-
Interest and Dividends on Investments	7	-	3,000
Net Cash Provided (Used) by Investing Activities	7	26	3,000
Net Increase (Decrease) in Cash	7	(1,212)	(8,214)
Cash and Cash Equivalents - Beginning of Year	207	5,865	89,227
Cash and Cash Equivalents - End of Year	$ 214	$ 4,653	$ 81,013
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	$ -	$ 209	$ 1,854
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	-	36	-
Other Reconciling Items	-	134	-
Net Changes in Assets and Liabilities:			
Accounts Receivable - Net	-	(47)	(459)
Due From Other Funds	-	(570)	-
Due From Other Governments	-	-	26
Loans, Notes and Bonds Receivable - Net	-	(1,397)	(18,287)
Repossessed Property	-	145	-
Investment in Projects, Partnerships, or Corporations	-	(122)	-
Interest and Dividends Receivable - Net	-	(20)	206
Other Assets	-	(128)	-
Due to Other Funds	-	(62)	(24)
Due to Other Governments	-	-	-
Accounts Payable and Accrued Liabilities	-	(54)	3
Other Liabilities	-	79	-
Net Cash Provided (Used) by Operating Activities	$ -	$ (1,797)	$ (16,681)
Reconciliation of Cash to the Statement of Net Assets:			
Total Cash and Investments per the Statement of Net Assets	$ 214	$ 4,653	$ 81,013
Cash, End of Year	$ 214	$ 4,653	$ 81,013
Noncash investing, Capital, and Financing Activities:			
Contributed Capital Assets	-	-	-
Transfers (Out to) Other Funds (Accrual)	-	-	-

Alaska Drinking Water	Knik Arm Bridge and Toll Authority	Unemployment Compensation	Total Other Agencies Enterprise Funds
$ 24	$ -	$ 82,805	$ 82,855
5,204	-	-	21,016
1,251	-	-	3,392
-	-	168,238	168,238
-	(308)	-	(491)
-	(467)	-	(686)
(28,819)	-	-	(64,452)
-	-	(340,741)	(340,741)
-	(166)	-	(166)
-	-	-	254
(25)	-	-	(701)
(22,365)	(941)	(89,698)	(131,482)
-	-	(1,116)	(2,073)
-	161	-	783
12,748	780	10,413	30,179
1,629	-	-	2,592
(1,629)	-	-	(2,592)
(2)	-	-	(3)
12,746	941	9,297	28,886
-	426	-	426
-	(4,485)	-	(4,485)
-	(67)	-	(67)
-	4,126	-	4,126
-	-	-	124
-	-	-	124
-	-	-	26
1,567	-	12,889	17,463
1,567	-	12,889	17,489
(8,052)	-	(67,512)	(84,983)
46,800	-	325,787	467,886
$ 38,748	$ -	$ 258,275	$ 382,903
$ 1,370	$ (778)	$ (88,635)	$ (85,980)
-	-	-	36
-	-	-	134
(328)	-	(2,539)	(3,373)
-	(28)	111	(487)
24	-	2,142	2,192
(23,615)	-	-	(43,299)
-	-	-	145
-	-	-	(122)
208	-	-	394
-	(47)	-	(175)
(24)	-	477	367
-	-	592	592
-	(31)	(1,993)	(2,075)
-	(57)	147	169
$ (22,365)	$ (941)	$ (89,698)	$ (131,482)
$ 38,748	$ -	$ 258,275	$ 382,903
$ 38,748	$ -	$ 258,275	$ 382,903
-	124	-	124
-	-	(1,116)	(1,116)

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Internal Service Funds

Internal service funds account for the operations of state agencies that render services to other state agencies, institutions, or other governmental units on a cost-reimbursement basis. The following are the State's internal service funds.

- **Alaska Public Building Fund (Fund 11165)** – AS 37.05.570 – Administered by the Department of Administration. Effective July 1, 2000, the Department of Administration began to manage the maintenance and operations of ten state owned buildings and two parking facilities. The goals are to manage these buildings, in good order and a functional state, while providing cost effective and efficient space for state agencies and private tenants (until private tenant leases expire and space is converted to state agency use), to retain maximum value of these state assets, and to maximize revenue from non-general fund sources.

- **Group Health and Life Benefits Fund (Fund 11135)** – AS 39.30.095 – Administered by the Department of Administration. Effective July 1, 1997, the State began a self-insurance program to provide health care coverage for state employees covered by the retirement programs administered by the State. This fund consists of accumulated assets held for the purpose of paying health care claims for employees and accounts for transactions pertaining to the self-insurance program.

- **Highways Equipment Working Capital Fund (Fund 22652)** – AS 44.68.210 – Administered by the Department of Transportation and Public Facilities. This fund is used for necessary expenses resulting from the centralization of equipment maintenance and for the operation of supply depots.

- **Information Services Fund (Fund 22500)** – AS 44.21.045 – During the 1990 Legislative Session, the Legislature established the Information Services Fund (ISF) in the Department of Administration and classified it as an internal service fund. The ISF is used to account for the operation and financing of computing and telecommunication services for the State of Alaska. Included in these services is operation of the State's mainframe computer; the statewide consolidated data network; the telephone system in Juneau, Anchorage, and Fairbanks; and the microwave communications infrastructure.

STATE OF ALASKA **STATEMENT 4.41**
Combining Statement of Net Assets
Internal Service Funds
June 30, 2010
(Stated in Thousands)

	Group Health and Life Benefits	Alaska Public Building
ASSETS		
Current Assets:		
Cash and Investments	$ 35,300	$ 11,547
Accounts Receivable - Net	36	61
Due from Other Funds	-	1,366
Inventories	-	-
Other Current Assets	841	1
Total Current Assets	36,177	12,975
Noncurrent Assets:		
Capital Assets:		
Equipment, Net of Depreciation	-	-
Buildings, Net of Depreciation	-	109,510
Construction in Progress	-	-
Total Noncurrent Assets	-	109,510
Total Assets	36,177	122,485
LIABILITIES		
Current Liabilities:		
Accounts Payable and Accrued Liabilities	15,450	1,831
Due to Other Funds	786	-
Claims, Judgments, Compensated Absences and Pollution Remediation	20	105
Other Current Liabilities	-	-
Total Current Liabilities	16,256	1,936
Noncurrent Liabilities:		
Claims, Judgments, Compensated Absences and Pollution Remediation	-	3
Total Noncurrent Liabilities	-	3
Total Liabilities	16,256	1,939
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	-	109,510
Unrestricted	19,921	11,036
Total Net Assets	$ 19,921	$ 120,546

Information Services	Highways Equipment Working Capital	Total Internal Service Funds
$ 29,179	$ 20,764	$ 96,790
6	25	128
5,715	2,457	9,538
-	3,346	3,346
1,493	-	2,335
36,393	26,592	112,137
53,286	108,454	161,740
-	116	109,626
4,562	-	4,562
57,848	108,570	275,928
94,241	135,162	388,065
3,606	1,002	21,889
-	-	786
983	1,226	2,334
325	-	325
4,914	2,228	25,334
224	596	823
224	596	823
5,138	2,824	26,157
57,848	108,570	275,928
31,255	23,768	85,980
$ 89,103	$ 132,338	$ 361,908

STATE OF ALASKA **STATEMENT 4.42**
Combining Statement of Revenues, Expenses, and Changes in Fund Net Assets
Internal Service Funds
For the Fiscal Year Ended June 30, 2010
(Stated in Thousands)

	Group Health and Life Benefits	Alaska Public Building
OPERATING REVENUES		
Premiums and Contributions	$ 81,228	$ -
Charges for Goods and Services	-	13,863
Other Operating Revenues	1,591	-
Total Operating Revenues	82,819	13,863
OPERATING EXPENSES		
Benefits	91,429	-
Operating	3,925	10,276
Depreciation	-	4,405
Total Operating Expenses	95,354	14,681
Operating Income (Loss)	(12,535)	(818)
NONOPERATING REVENUES (EXPENSES)		
Interest and Investment Income	1,464	-
Interest and Investment Expense	-	-
Gain (Loss) on Disposal of Capital Assets	-	-
Other Nonoperating Revenues (Expenses)	-	-
Total Nonoperating Revenues (Expenses)	1,464	-
Income Before Capital Contributions and Transfers	(11,071)	(818)
Capital Contributions	-	14,591
Transfers In from Other Funds	-	95
Change in Net Assets	(11,071)	13,868
Total Net Assets - Beginning of Year	30,992	106,678
Total Net Assets - End of Year	$ 19,921	$ 120,546

Information Services	Highways Equipment Working Capital	Total Internal Service Funds
$ -	$ -	$ 81,228
35,452	51,868	101,183
-	-	1,591
35,452	51,868	184,002
-	-	91,429
44,923	32,293	91,417
4,930	14,561	23,896
49,853	46,854	206,742
(14,401)	5,014	(22,740)
-	-	1,464
(48)	-	(48)
-	(41)	(41)
-	90	90
(48)	49	1,465
(14,449)	5,063	(21,275)
-	3,453	18,044
10,383	536	11,014
(4,066)	9,052	7,783
93,169	123,286	354,125
$ 89,103	$ 132,338	$ 361,908

	Group Health and Life Benefits	Alaska Public Building	
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Other Governments	$ -	$ -	$
Receipts from Customers	-	338	
Receipts for Interfund Services Provided	-	12,098	
Receipts from Insured	81,207	-	
Payments to Employees	(196)	(1,397)	
Payments to Suppliers	(4,297)	(8,315)	
Claims Paid	(89,210)	-	
Other Receipts	1,591	1	
Other Payments	-	-	
Net Cash Provided (Used) by Operating Activities	(10,905)	2,725	
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating Subsidies and Transfers In from Other Funds	-	95	
Net Cash Provided (Used) by Noncapital Financing Activities	-	95	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Proceeds from Sale of Capital Assets	-	-	
Acquisition and Construction of Capital Assets	-	(5,270)	
Principal Paid on Capital Debt	-	-	
Interest and Fees Paid on Capital Debt	-	-	
Net Cash Provided (Used) by Capital and Related Financing Activities	-	(5,270)	
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and Dividends on Investments	1,464	-	
Net Cash Provided (Used) by Investing Activities	1,464	-	
Net Increase (Decrease) in Cash	(9,441)	(2,450)	
Cash and Cash Equivalents - Beginning of Year	44,741	13,997	
Cash and Cash Equivalents - End of Year	$ 35,300	$ 11,547	$
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	$ (12,535)	$ (818)	$
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation and Amortization	-	4,405	
Other Reconciling Items	-	-	
Net Changes in Assets and Liabilities:			
Accounts Receivable - Net	(21)	(61)	
Due from Other Funds	-	(1,366)	
Inventories	-	-	
Other Assets	-	1	
Due to Other Funds	(555)	(220)	
Accounts Payable and Accrued Liabilities	2,206	758	
Other Liabilities	-	26	
Net Cash Provided (Used) by Operating Activities	$ (10,905)	$ 2,725	$
Reconciliation of Cash to the Statement of Net Assets:			
Total Cash and Investments per the Statement of Net Assets	$ 35,300	$ 11,547	$
Cash, End of Year	$ 35,300	$ 11,547	$
Noncash Investing, Capital, and Financing Activities:			
Contributed Capital Assets	-	14,591	

Information Services	Highways Equipment Working Capital	Total Internal Service Funds
70	$ -	$ 70
-	-	338
34,850	51,881	98,829
-	-	81,207
(13,250)	(15,914)	(30,757)
(24,642)	(16,139)	(53,393)
-	-	(89,210)
-	90	1,682
-	(701)	(701)
(2,972)	19,217	8,065
10,383	1,637	12,115
10,383	1,637	12,115
-	1,106	1,106
(7,560)	(16,082)	(28,912)
(1,267)	-	(1,267)
(48)	-	(48)
(8,875)	(14,976)	(29,121)
-	-	1,464
-	-	1,464
(1,464)	5,878	(7,477)
30,643	14,886	104,267
29,179	$ 20,764	$ 96,790
(14,401)	$ 5,014	$ (22,740)
4,930	14,561	23,896
-	90	90
6	13	(63)
(538)	-	(1,904)
-	(168)	(168)
5,676	-	5,677
-	-	(775)
1,311	(308)	3,967
44	15	85
(2,972)	$ 19,217	$ 8,065
29,179	$ 20,764	$ 96,790
29,179	$ 20,764	$ 96,790
-	3,448	18,039

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Fiduciary Funds

Trust and agency funds are fiduciary in nature and are maintained to account for assets held by the State acting in the capacity as a trustee or agent. The following are the State's trust and agency funds.

PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS

- **Alaska National Guard and Alaska Naval Militia Retirement System (Fund 35030)** – AS 26.05.222 – Administered by the Department of Administration. This fund consists of accumulated assets held for the purpose of paying benefits provided by the Alaska National Guard and Alaska Naval Militia Retirement System.

- **Deferred Compensation (Fund 32014)** – AS 39.45.010 – Administered by the Department of Administration. This fund consists of compensation deferred by employees under the State's deferred compensation plan allowed under Section 457 of the Internal Revenue Code.

- **Judicial Retirement System (Fund 35003)** – AS 22.25.048 – Administered by the Department of Administration. This fund consists of accumulated assets held for the purpose of paying benefits provided by the Judicial Retirement System.

- **Public Employees' Retirement System (Fund 35006)** – AS 39.35.095-680, AS 39.35.700-990 – Administered by the Department of Administration. This fund consists of accumulated assets held for the purpose of paying benefits provided by the Public Employees' Retirement System.

- **Retiree Health (Fund 11159)** – AS 39.37.010, AS 22.25.048, AS 39.35.003, AS 14.25.010 – Administered by the Department of Administration. The State began a self-insurance program to provide health care coverage for retirees covered by the retirement programs administered by the State. This fund consists of accumulated assets held for the purpose of paying health care claims for retirees and accounts for transactions pertaining to the self-insurance program.

- **Supplemental Benefits System (Fund 35043)** – AS 39.30.150 – Administered by the Department of Administration. This fund consists of accumulated assets held for the purpose of paying benefits provided by the Supplemental Benefits System.

- **Teachers' Retirement System (Fund 35015)** – AS 14.25.009-220, AS 14.25.310-590 – Administered by the Department of Administration. This fund consists of accumulated assets held for the purpose of paying benefits provided by the Teachers' Retirement System.

AGENCY FUNDS

- **Deposits, Suspense, and Miscellaneous (Fund 32005)** – Administered by the Department of Administration. This fund is used to account for refundable deposits and other receipts held in trust until the State has the right to transfer them to operating funds, or until there is a proper authorization to disburse them directly to others.

- **Exxon Valdez Oil Spill Investment Trust Fund (Fund 32025)** – PL 106-113 – Administered by the Exxon Valdez Oil Spill (EVOS) Trustee Council. Consists of assets of a joint federal/state trust fund established to receive, hold, disburse and manage all natural resource damage recoveries obtained by the United States government and the State of Alaska under the Clean Water Act, arising out of the Exxon Valdez oil spill.

- **Impact Aid (Fund 32017)** – PL 103-382 – Administered by the Department of Education and Early Development. These monies are received from the federal government and are distributed to the local school districts. The funds provide financial assistance to local school districts where enrollment or availability of revenue is adversely affected by federal activities.

- **Public Advocacy Trust Fund (Fund 32012)** – AS 44.21.410 – Administered by the Department of Administration. The Public Advocacy Trust Fund holds in trust funds for individuals under the guardianship of the Office of Public Advocacy.

- **Wage and Hour (Fund 32011)** – AS 23.05.220 - Administered by the Department of Labor and Workforce Development. This fund was established to account for receipts and disbursements for wage and hour violations.

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	Retiree Health	Deferred Compensation	Supplemental Benefits
ASSETS			
Cash and Cash Equivalents	$ 36,090	$ 7,624	$ 23,414
Investments:			
Short-Term Investments	1,059	1,046	2,376
Commercial Paper	-	-	-
U.S. Treasury	17,843	34,112	58,420
U.S. Government Agency	2,116	13,470	24,582
Foreign Government Bonds	-	-	-
Mortgage-Backed	18,152	71,064	114,506
Other Asset-Backed	1,037	1,759	4,027
Corporate Bonds	10,495	24,433	41,332
Yankees	2,291	9,108	14,317
Fixed Income Pool	-	-	-
Domestic Equity Pool	90,604	-	-
International Equity Pool	40,692	-	-
Emerging Markets Pool	-	-	-
Private Equity Pool	-	-	-
Absolute Return Pool	-	-	-
Real Assets	-	-	-
Participant-Directed	-	356,612	1,908,310
Other Net Investments	2,206	-	-
Investment Loss Trust Fund Assets	-	-	1,903
Accounts Receivable - Net	44	-	-
Contributions Receivable	174	2,667	7,067
Interest and Dividends Receivable	17	-	-
Due from Other Funds	-	-	-
Other Assets	351	-	-
Total Assets	223,171	521,895	2,200,254
LIABILITIES			
Accounts Payable and Accrued Liabilities	20,585	203	3,301
Due to Other Funds	7,021	-	-
Total Liabilities	27,606	203	3,301
NET ASSETS			
Held in Trust for:			
Pension Benefits	-	-	-
Postemployment Healthcare Benefits	195,565	-	-
Individuals, Organizations, and Other Governments	-	521,692	2,196,953
Total Net Assets	$ 195,565	$ 521,692	$ 2,196,953

Public Employees' Retirement	Teachers' Retirement	Judicial Retirement	Alaska National Guard and Alaska Naval Militia Retirement	Total Pension and Other Employee Benefit Trust Funds
$ 103,558	$ 40,668	$ 1,481	$ 15	$ 212,850
41,803	18,103	508	101	64,996
-	146,047	-	-	146,047
836,816	212,774	10,076	9,675	1,179,716
4,967	2,071	57	72	47,335
135,752	37,413	1,659	-	174,824
349,700	145,808	4,007	5,080	708,317
3,019	1,264	35	39	11,180
401,709	191,653	4,756	2,688	677,066
983	410	11	14	27,134
313	135	4	-	452
2,640,923	1,142,701	31,991	7,263	3,913,482
1,302,972	564,751	15,852	3,778	1,928,045
611,010	263,416	7,328	-	881,754
892,434	387,062	10,886	-	1,290,382
463,864	201,081	5,647	-	670,592
1,329,623	582,275	16,013	-	1,927,911
95,674	45,140	-	-	2,405,736
144,328	62,401	1,726	771	211,432
-	-	-	-	1,903
449,827	56,386	14	-	506,271
22,958	4,778	150	-	37,794
-	-	-	-	17
29,837	8,449	34	-	38,320
2,829	985	8	-	4,173
9,864,899	4,115,771	112,243	29,496	17,067,729
128,315	27,867	197	52	180,520
16,818	-	18	12	23,869
145,133	27,867	215	64	204,389
5,499,538	2,766,030	95,106	29,432	8,390,106
4,220,228	1,321,874	16,922	-	5,754,589
-	-	-	-	2,718,645
$ 9,719,766	$ 4,087,904	$ 112,028	$ 29,432	$ 16,863,340

Combining Statement of Changes in Fiduciary Net Assets
Pension and Other Employee Benefit Trust Funds
For the Fiscal Year Ended June 30, 2010
(Stated in Thousands)

	Retiree Health	Deferred Compensation	Supplemental Benefits
ADDITIONS			
Premiums and Contributions:			
Employer	$ 1,411	$ -	$ 69,389
Member	48,571	35,597	73,915
Other	-	-	-
Total Premiums and Contributions	49,982	35,597	143,304
Investment Income:			
Net Appreciation (Depreciation) in Fair Value of Investments	15,223	65,359	343,491
Interest	1,830	6,193	10,230
Dividends	2,930	-	-
Total Investment Income	19,983	71,552	353,721
Less Investment Expense	58	-	-
Net Investment Income	19,925	71,552	353,721
Other Additions:			
Legal Settlement	-	-	-
Other	87	-	-
Total Additions	69,994	107,149	497,025
DEDUCTIONS			
Benefits Paid	38,687	25,080	97,910
Insurance Premiums	-	-	3,643
Refunds of Premiums and Contributions	-	-	-
Administrative Expenses	1,314	2,419	9,699
Legal Settlement Fees	-	-	-
Total Deductions	40,001	27,499	111,252
Net Increase (Decrease) in Net Assets Held in Trust for:			
Pension Benefits	-	-	-
Postemployment Healthcare Benefits	29,993	-	-
Individuals, Organizations, and Other Governments	-	79,650	385,773
Net Assets - Beginning of the Year	165,572	442,042	1,811,180
Net Assets - End of the Year	$ 195,565	$ 521,692	$ 2,196,953

Public Employees' Retirement	Teachers' Retirement	Judicial Retirement	Alaska National Guard and Alaska Naval Militia Retirement	Total Pension and Other Employee Benefit Trust Funds
$ 428,435	$ 92,359	$ 2,977	$ 2,603	$ 597,174
152,787	67,722	652	-	379,244
107,953	173,462	1,550	-	282,965
689,175	333,543	5,179	2,603	1,259,383
734,900	330,986	9,205	2,266	1,501,430
74,879	32,708	936	660	127,436
91,838	40,504	1,118	277	136,667
901,617	404,198	11,259	3,203	1,765,533
17,491	7,781	218	39	25,587
884,126	396,417	11,041	3,164	1,739,946
445,414	54,585	-	-	499,999
11,082	4,459	36	-	15,664
2,029,797	789,004	16,256	5,767	3,514,992
808,916	443,003	9,346	1,647	1,424,589
-	-	-	-	3,643
15,393	4,402	-	-	19,795
14,926	6,049	71	118	34,596
86,428	10,592	-	-	97,020
925,663	464,046	9,417	1,765	1,579,643
350,364	141,955	5,258	4,002	501,579
753,770	183,003	1,581	-	968,347
-	-	-	-	465,423
8,615,632	3,762,946	105,189	25,430	14,927,991
$ 9,719,766	$ 4,087,904	$ 112,028	$ 29,432	$ 16,863,340

STATE OF ALASKA **STATEMENT 5.11**
Combining Statement of Fiduciary Assets and Liabilities
Agency Funds
June 30, 2010
(Stated in Thousands)

	Deposits, Suspense, and Miscellaneous	Wage and Hour
ASSETS		
Cash and Cash Equivalents	$ 136,317	$ 123
Investments	-	-
Accounts Receivable - Net	6	-
Due from Other Funds	9,862	-
Total Assets	$ 146,185	$ 123
LIABILITIES		
Accounts Payable and Accrued Liabilities	$ 3,245	$ 4
Trust Deposits Payable	140,379	118
Due to Other Funds	2,561	1
Total Liabilities	$ 146,185	$ 123

Public Advocacy	Exxon Valdez Oil Spill Investment	Impact Aid PL 103-382	Total Agency Funds
$ 15,095	$ -	$ -	$ 151,535
-	162,483	-	162,483
-	-	-	6
-	-	-	9,862
$ 15,095	$ 162,483	$ -	$ 323,886
$ -	$ -	$ -	$ 3,249
15,044	162,420	-	317,961
51	63	-	2,676
$ 15,095	$ 162,483	$ -	$ 323,886

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
DEPOSITS, SUSPENSE, AND MISCELLANEOUS				
ASSETS				
Cash and Cash Equivalents	$ 138,282	$ 141,303	$ 143,268	$ 136,317
Accounts Receivable - Net	5	1	-	6
Due from Other Funds	-	9,862	-	9,862
Total Assets	$ 138,287	$ 151,166	$ 143,268	$ 146,185
LIABILITIES				
Accounts Payable and Accrued Liabilities	$ 2,978	$ 68,614	$ 68,347	$ 3,245
Trust Deposits Payable	128,790	132,539	120,950	140,379
Due to Other Funds	6,519	10,455	14,413	2,561
Total Liabilities	$ 138,287	$ 211,608	$ 203,710	$ 146,185
WAGE AND HOUR				
ASSETS				
Cash and Cash Equivalents	$ 136	$ 141	$ 154	$ 123
Total Assets	$ 136	$ 141	$ 154	$ 123
LIABILITIES				
Accounts Payable and Accrued Liabilities	$ 14	$ 151	$ 161	$ 4
Trust Deposits Payable	122	150	154	118
Due to Other Funds	-	1	-	1
Total Liabilities	$ 136	$ 302	$ 315	$ 123
PUBLIC ADVOCACY				
ASSETS				
Cash and Cash Equivalents	$ 11,007	$ 23,792	$ 19,704	$ 15,095
Due from Other Funds	2,958	-	2,958	-
Total Assets	$ 13,965	$ 23,792	$ 22,662	$ 15,095
LIABILITIES				
Trust Deposits Payable	$ 13,919	$ 9,012	$ 7,887	$ 15,044
Due to Other Funds	46	97	92	51
Total Liabilities	$ 13,965	$ 9,109	$ 7,979	$ 15,095
EXXON VALDEZ OIL SPILL INVESTMENT				
ASSETS				
Investments	$ 150,126	$ 39,094	$ 26,737	$ 162,483
Total Assets	$ 150,126	$ 39,094	$ 26,737	$ 162,483
LIABILITIES				
Trust Deposits Payable	$ 149,967	$ 38,872	$ 26,419	$ 162,420
Due to Other Funds	159	222	318	63
Total Liabilities	$ 150,126	$ 39,094	$ 26,737	$ 162,483

This statement continued on the next page.

	Balance July 1, 2009	Additions	Deductions	Balance June 30, 2010
IMPACT AID PL 103-382				
ASSETS				
Cash and Cash Equivalents	$ -	$ 31,417	$ 31,417	$ -
Total Assets	$ -	$ 31,417	$ 31,417	$ -
LIABILITIES				
Trust Deposits Payable	$ -	$ 31,417	$ 31,417	$ -
Total Liabilities	$ -	$ 31,417	$ 31,417	$ -
TOTAL AGENCY FUNDS				
ASSETS				
Cash and Cash Equivalents	$ 149,425	$ 196,653	$ 194,543	$ 151,535
Investments	150,126	39,094	26,737	162,483
Accounts Receivable - Net	5	1	-	6
Due from Other Funds	2,958	9,862	2,958	9,862
Total Assets	$ 302,514	$ 245,610	$ 224,238	$ 323,886
LIABILITIES				
Accounts Payable and Accrued Liabilities	$ 2,992	$ 68,765	$ 68,508	$ 3,249
Trust Deposits Payable	292,798	211,990	186,827	317,961
Due to Other Funds	6,724	10,775	14,823	2,676
Total Liabilities	$ 302,514	$ 291,530	$ 270,158	$ 323,886

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Nonmajor Component Units

The nonmajor component units listed are significant separate legal entities that are discretely presented in the State's financial statements. The inclusion of component units in the State's financial statements reflects the State's financial accountability for these entities.

- **Alaska Aerospace Corporation (AAC)** – AS 14.40.821 – is a public corporation of the State located for administrative purposes within the Department of Commerce, Community, and Economic Development. The purpose of AAC is to allow the State to take a lead role in the exploration and development of space, to enhance human and economic development, and to provide a unified direction for space-related economic growth, education and research development, and tourism related activities.

- **Alaska Energy Authority (AEA)** – AS 44.83.020 – is a public corporation of the State within the Department of Commerce, Community, and Economic Development, but with a separate and independent legal existence. The purpose of AEA is to promote, develop, and advance the general prosperity and economic welfare of the people of the State by providing a means of constructing, acquiring, financing, and operating power projects and facilities that recover and use waste energy.

- **Alaska Mental Health Trust Authority (AMHTA)** – AS 47.30.011 – is established as a public corporation of the State within the Department of Revenue. The purpose of AMHTA is to ensure an integrated comprehensive mental health program, by administering the trust established under the Alaska Mental Health Enabling Act of 1956.

- **Alaska Municipal Bond Bank Authority (AMBBA)** – AS 44.85.020 – is a public corporation and an instrumentality of the State within the Department of Revenue, but with a legal existence independent of and separate from the State. AMBBA was created for the purpose of making available to municipalities within the State, monies to finance their capital projects or for other authorized purposes by means of issuance of bonds by AMBBA and use of proceeds from such bonds to purchase from the municipalities their general obligation and revenue bonds.

- **Alaska Natural Gas Development Authority (ANGDA)** – AS 41.41.010 – is a public corporation and government instrumentality of the State within the Department of Revenue, but having a legal existence independent of and separate from the State. The purpose of ANGDA is to bring natural gas from the North Slope to market.

- **Alaska Railroad Corporation (ARRC)** – AS 42.40.010 – is a public corporation and an instrumentality of the State within the Department of Commerce, Community, and Economic Development, but with a legal existence independent of and separate from the State. ARRC was created to own and operate the railroad and manage its rail, industrial, port, and other properties.

- **Alaska Student Loan Corporation (ASLC)** – AS 14.42.100 – is a public corporation and government instrumentality within the Department of Education and Early Development, but having a legal existence independent of and separate from the State. The purpose of ASLC is to improve higher educational opportunities for residents of the State.

- **Alaska Seafood Marketing Institute (ASMI)** – AS 16.51.010 – is a public corporation and an instrumentality of the State within the Department of Commerce, Community, and Economic Development, but with a legal existence independent of and separate from the State. The purpose of ASMI is to promote all species of seafood and their by-products harvested in Alaska for sale, and develop market-oriented quality specifications.

	Alaska Municipal Bond Bank Authority	Alaska Student Loan Corporation	Alaska Railroad Corporation
ASSETS			
Cash and Investments	$ 69,320	$ 29,363	$ 18,267
Accounts Receivable - Net	-	-	19,176
Interest and Dividends Receivable	8,120	3,206	-
Due from Primary Government	-	-	312
Due from Component Units	-	-	-
Due from Other Governments	-	-	4,648
Loans, Notes, and Bonds Receivable	610,055	91,247	-
Inventories	-	-	18,634
Securities Lending Collateral	-	-	-
Restricted Assets	-	693,857	66,817
Other Assets	-	100	1,206
Capital Assets:			
Equipment, Net of Depreciation	-	-	144,017
Buildings, Net of Depreciation	-	-	542
Infrastructure, Net of Depreciation	-	-	489,152
Land / Right-of-Way	-	-	30,093
Construction in Progress	-	-	68,391
Total Assets	687,495	817,773	861,255
LIABILITIES			
Accounts Payable and Accrued Liabilities	138	792	19,851
Obligations Under Securities Lending	-	-	-
Due to Primary Government	-	76,469	-
Due to Component Units	-	-	-
Due to Other Governments	-	1,176	-
Interest Payable	7,947	3,875	3,034
Other Current Liabilities	-	631	-
Long-term Liabilities:			
Portion Due or Payable Within One Year:			
Claims, Judgments, Compensated Absences and Pollution Remediation	-	-	1,050
Unearned and Deferred Revenue	1,518	1,730	4,150
Notes, Bonds, and Leases Payable	35,675	47,205	12,683
Other Long-term Debt	3,043	-	-
Other Noncurrent Liabilities	-	-	-
Portion Due or Payable After One Year:			
Claims, Judgments, Compensated Absences and Pollution Remediation	-	-	1,303
Unearned and Deferred Revenue	-	725	428,682
Notes, Bonds, and Leases Payable	587,080	479,331	169,852
Other Long-term Debt	7,830	-	-
Other Noncurrent Liabilities	-	1,229	6,877
Total Liabilities	643,231	613,163	647,482
NET ASSETS			
Invested in Capital Assets, Net of Related Debt	-	-	174,564
Restricted for:			
Permanent Funds			
Nonexpendable	-	-	-
Expendable	-	-	-
Education	-	82,128	-
Development	-	-	39,209
Debt Service	32,402	-	-
Other Purposes	-	-	-
Unrestricted	11,862	122,482	-
Total Net Assets	$ 44,264	$ 204,610	$ 213,773

Alaska Energy Authority	Alaska Aerospace Corporation	Alaska Mental Health Trust Authority	Alaska Natural Gas Development Authority	Alaska Seafood Marketing Institute	Total Nonmajor Component Units
$ 479,394	$ 9,779	$ 419,434	$ -	$ 5,422	$ 1,030,979
1,126	-	19	-	-	20,321
1,388	-	2,750	-	-	15,464
415	-	-	1,965	502	3,194
25,126	-	-	-	-	25,126
1,772	3,190	-	-	736	10,346
26,976	-	4,354	-	-	732,632
-	381	-	-	-	19,015
-	-	27,447	-	-	27,447
-	-	-	-	-	760,674
-	-	17	-	23	1,346
141	43,349	166	-	-	187,673
-	28,145	6,534	-	-	35,221
231,919	4,688	-	-	-	725,759
-	-	2,258	6,514	-	38,865
4,412	12,041	-	-	-	84,844
772,669	101,573	462,979	8,479	6,683	3,718,906
16,334	2,185	6,137	-	1,892	47,329
-	-	27,447	-	-	27,447
292	-	536	-	3,752	81,049
1,770	-	-	-	-	1,770
-	-	-	-	-	1,176
3,008	-	-	-	-	17,864
-	-	-	-	-	631
-	540	532	12	40	2,174
28	-	835	-	-	8,261
6,255	-	-	-	-	101,818
-	-	-	-	-	3,043
122	-	-	-	-	122
-	-	-	56	227	1,586
-	5,731	-	-	-	435,138
101,424	-	-	-	-	1,337,687
-	-	-	-	-	7,830
388	-	-	-	-	8,494
129,621	8,456	35,487	68	5,911	2,083,419
128,792	88,223	8,958	6,514	-	407,051
-	-	330,023	-	-	330,023
-	-	88,511	-	-	88,511
-	-	-	-	-	82,128
-	-	-	-	-	39,209
19,399	-	-	-	-	51,801
21,080	-	-	-	772	21,852
473,777	4,894	-	1,897	-	614,912
$ 643,048	$ 93,117	$ 427,492	$ 8,411	$ 772	$ 1,635,487

		Program Revenues		
	Expenses	Charges for Services, Royalties and Other Fees	Operating Grants and Contributions	Capital Grants and Contributions
FUNCTIONS/PROGRAMS				
Nonmajor Component Units:				
Alaska Municipal Bond Bank Authority	$ 29,619	$ -	$ -	$ -
Alaska Student Loan Corporation	26,781	32,705	-	-
Alaska Railroad Corporation	160,432	125,333	10,246	33,230
Alaska Energy Authority	107,656	20,558	35,476	-
Alaska Aerospace Corporation	17,321	11,337	-	3,955
Alaska Mental Health Trust Authority	23,431	4,414	24,488	20,044
Alaska Natural Gas Development Authority	1,581	-	-	-
Alaska Seafood Marketing Institute	15,539	167	3,997	-
Total Nonmajor Component Units	$ 382,360	$ 194,514	$ 74,207	$ 57,229

General Revenues:
Interest and Investment Income (Loss)
Taxes
Payments In from Component Units
Payments In from Primary Government
Special Items:
Gain on Cancellation of Bonds
Total General Revenues and Special Items
Change in Net Assets
Net Assets - Beginning of Year
Changes in Accounting Principles
Net Assets - End of Year

Net (Expense) Revenue and Changes in Net Assets								
Alaska Municipal Bond Bank Authority	Alaska Student Loan Corporation	Alaska Railroad Corporation	Alaska Energy Authority	Alaska Aerospace Corporation	Alaska Mental Health Trust Authority	Alaska Natural Gas Development Authority	Alaska Seafood Marketing Institute	Total Nonmajor Component Units
$ (29,619)	$	$	$	$	$	$	$	$ (29,619)
	5,924							5,924
		8,377						8,377
			(51,622)					(51,622)
				(2,029)				(2,029)
					25,515			25,515
						(1,581)		(1,581)
							(11,375)	(11,375)
(29,619)	5,924	8,377	(51,622)	(2,029)	25,515	(1,581)	(11,375)	(56,410)
30,127	631	632	42,749	8	-	-	-	74,147
-	-	-	-	-	-	-	7,758	7,758
-	-	-	25,000	-	-	-	-	25,000
33	-	-	199	3,638	-	323	2,703	6,896
-	17,406	-	-	-	-	-	-	17,406
30,160	18,037	632	67,948	3,646	-	323	10,461	131,207
541	23,961	9,009	16,326	1,617	25,515	(1,258)	(914)	74,797
43,723	180,649	179,731	626,722	91,500	401,977	9,669	1,686	1,535,657
-	-	25,033	-	-	-	-	-	25,033
$ 44,264	$ 204,610	$ 213,773	$ 643,048	$ 93,117	$ 427,492	$ 8,411	$ 772	$ 1,635,487

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Other Supplementary Information

STATE OF ALASKA **STATEMENT 6.03**
Balance Sheet
Nonmajor Component Unit Without Separately Issued Financial Statements
June 30, 2010
(Stated in Thousands)

	Alaska Seafood Marketing Institute
ASSETS	
Cash and Investments	$ 5,422
Due from Primary Government	502
Due from Other Governments	736
Other Assets	23
Total Assets	$ 6,683
LIABILITIES AND FUND BALANCES	
Liabilities:	
Accounts Payable and Accrued Liabilities	$ 1,892
Due to Primary Government	3,752
Total Liabilities	5,644
Fund Balances:	
Reserved:	
Encumbrances	1
Other Purposes	1,038
Total Fund Balances	1,039
Total Liabilities and Fund Balances	$ 6,683
Reconciliation of the Balance Sheet to the Statement of Net Assets:	
Total Fund Balances - Governmental Fund:	$ 1,039
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.	
Compensated Absences	(267)
Net Assets of Governmental Activities	$ 772

STATE OF ALASKA **STATEMENT 6.04**

Statement of Revenues, Expenditures, and Change in Fund Balances
Nonmajor Component Unit Without Separately Issued Financial Statements
For the Fiscal Year Ended June 30, 2010
(Stated in Thousands)

	Alaska Seafood Marketing Institute
REVENUES	
Taxes	$ 7,758
Charges for Services	167
Federal Grants in Aid	3,997
Total Revenues	11,922
EXPENDITURES	
Current:	
Development	15,302
Total Expenditures	15,302
Excess (Deficiency) of Revenues Over Expenditures	(3,380)
OTHER FINANCING SOURCES (USES)	
Payments in from Primary Government	2,703
Total Other Financing Sources and Uses	2,703
Net Change in Fund Balances	(677)
Fund Balances - Beginning of Year	1,716
Fund Balances - End of Year	$ 1,039
Reconciliation of the Change in Fund Balances to the Statement of Activities:	
Net Change in Fund Balances - Governmental Fund:	$ (677)
Amounts reported for governmental activities in the Statement of Net Assets are different because:	
Expenses not reported in the fund:	
Compensated Absenses	(237)
Change in Net Assets of Governmental Activities:	$ (914)

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Statistical Section

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STATE OF ALASKA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2010

STATISTICAL SECTION

This part of the State of Alaska's (State) comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the State's overall financial health.

	Page
Financial Trends (Schedules A-1 through A-5) *These schedules contain trend information to help the reader understand how the State's financial performance and well-being have changed over time.*	**240**
Revenue Capacity (Schedules B-1 through B-3) *These schedules contain information to help the reader assess the State's most significant revenue sources: investment income, oil severance taxes, and oil royalties.*	**250**
Debt Capacity (Schedules C-1 and C-2) *These schedules present information to help the reader assess the affordability of the State's current levels of outstanding debt and the State's ability to issue additional debt in the future. The State has no statutory limit on the amount of general obligation debt that may be authorized.*	**254**
Demographic and Economic Information (Schedules D-1 and D-2) *These schedules offer demographic and economic indicators to help the reader understand the environment within which the State's financial activities take place.*	**258**
Operating Information (Schedules E-1 through E-3) *These schedules contain service and infrastructure data to help the reader understand how the information in the State's financial report relates to the services the State provides and the activities it performs.*	**260**

SOURCES:

Unless otherwise noted, the information in these schedules is derived from the financial statements presented in the comprehensive annual financial reports for the relevant years.

NOTES:

The State of Alaska implemented GASB Statement No. 34 in FY 02 and GASB Statement No. 54 in FY 10; therefore, some schedules only include financial data beginning in those years.

STATE OF ALASKA **SCHEDULE A-1**
Financial Trends - Net Assets By Component
Last Nine Fiscal Years
(Stated in Thousands)

	2010	2009	2008	2007
Governmental Activities:				
Invested in Capital Assets, Net of Related Debt	$ 5,429,469	$ 5,293,353	$ 5,063,796	$ 4,968,171
Restricted [a]	32,819,206	30,007,939	31,421,373	34,200,958
Unrestricted	16,423,342	14,625,134	19,398,314	11,425,419
Total Governmental Activities Net Assets	54,672,017	49,926,426	55,883,483	50,594,548
Business-type Activities:				
Invested in Capital Assets, Net of Related Debt	765,841	706,236	677,900	596,997
Restricted	679,259	712,350	688,485	614,880
Unrestricted	317,371	327,661	311,346	330,553
Total Business-type Activities Net Assets	1,762,471	1,746,247	1,677,731	1,542,430
Primary Government:				
Invested in Capital Assets, Net of Related Debt	6,195,310	5,999,589	5,741,696	5,565,168
Restricted	33,498,465	30,720,289	32,109,858	34,815,838
Unrestricted	16,740,713	14,952,795	19,709,660	11,755,972
Total Primary Government Net Assets	$ 56,434,488	$ 51,672,673	$ 57,561,214	$ 52,136,978

NOTE:
This schedule is presented on the accrual basis of accounting.
[a] The majority of the amount reported as Restricted Net Assets for Governmental Activities represents the Alaska Permanent Fund. Further discussion of this fund is included in Management's Discussion and Analysis.

2006	2005	2004	2003	2002
$ 4,721,066	$ 4,654,684	$ 3,921,815	$ 3,724,321	$ 3,353,079
30,772,290	28,935,899	26,929,079	24,473,141	22,207,101
7,539,120	5,185,548	4,066,781	3,450,742	5,469,850
43,032,476	38,776,131	34,917,675	31,648,204	31,030,030
535,585	483,883	451,273	415,389	370,663
527,509	467,604	429,600	411,446	417,609
340,555	341,845	308,232	300,705	311,662
1,403,649	1,293,332	1,189,105	1,127,540	1,099,934
5,256,651	5,138,567	4,373,088	4,139,710	3,723,742
31,299,799	29,403,503	27,358,679	24,884,587	22,624,710
7,879,675	5,527,393	4,375,013	3,751,447	5,781,512
$ 44,436,125	$ 40,069,463	$ 36,106,780	$ 32,775,744	$ 32,129,964

STATE OF ALASKA **SCHEDULE A-2**

Financial Trends - Government-wide Expenses, Program Revenues, and Net (Expense)/Revenue
Last Nine Fiscal Years
(Stated in Thousands)

	2010	2009	2008	2007
Program Revenues				
Governmental Activities:				
Charges for Services				
General Government	$ 10,706	$ 10,148	$ 11,754	$ 11,058
Education	3,277	3,045	2,829	2,689
University	10	15	29	-
Health and Human Services	41,816	41,375	39,492	39,144
Law and Justice	10,604	19,485	12,607	12,142
Public Protection	160,851	158,994	163,320	172,762
Natural Resources	2,278,392	2,322,398	3,404,033	2,207,217
Development	1,264	16,634	6,884	15,669
Transportation	54,746	57,306	68,105	68,042
Debt Service	1,320	-	-	-
Operating Grants and Contributions	1,912,537	1,488,782	1,354,695	1,463,791
Capital Grants and Contributions	591,510	633,661	612,769	632,829
Total Governmental Activities Program Revenues	5,067,033	4,751,843	5,676,517	4,625,343
Business-type Activities:				
Charges for Services				
Loans	16,372	11,818	9,175	9,655
Unemployment Compensation	168,524	178,073	149,699	169,070
Airports	105,441	95,244	118,874	115,490
Development	1,068	1,034	1,087	-
Operating Grants and Contributions	99,940	19,115	21,717	16,400
Capital Grants and Contributions	84,170	78,720	83,922	79,588
Total Business-type Activities Program Revenues	475,515	384,004	384,474	390,203
Total Primary Government Program Revenues	$ 5,542,548	$ 5,135,847	$ 6,060,991	$ 5,015,546
Expenses				
Governmental Activities:				
General Government	$ 423,411	$ 515,981	$ 520,244	$ 326,205
Alaska Permanent Fund Dividend [a b]	817,162	2,015,974	990,379	658,294
Education	1,688,586	1,647,531	1,705,227	1,364,756
University	404,071	410,805	382,463	319,963
Health and Human Services	2,261,984	2,067,733	1,869,940	1,827,623
Law and Justice	241,021	270,299	213,076	180,837
Public Protection	696,937	609,253	584,423	557,792
Natural Resources	342,556	295,183	293,999	286,236
Development	319,268	386,298	247,671	430,096
Transportation	1,135,249	959,586	952,916	812,686
Intergovernmental Revenue Sharing	177,531	231,574	129,678	62,082
Debt Service	48,377	42,662	43,820	40,555
Total Governmental Activities Expenses	8,556,153	9,452,879	7,933,836	6,867,125
Business-type Activities:				
Loans	5,062	3,514	9,987	9,561
Unemployment Compensation	339,964	199,792	122,128	122,908
Airports	114,885	117,499	112,437	129,074
Development	1,984	2,062	4,965	2,221
Total Business-type Activities Expenses	461,895	322,867	249,517	263,764
Total Primary Government Expenses	$ 9,018,048	$ 9,775,746	$ 8,183,353	$ 7,130,889
Net (Expense)/Revenue (To Schedule A-3)				
Governmental Activities	(3,489,120)	$ (4,701,036)	$ (2,257,319)	$ (2,241,782)
Business-type Activities	13,620	61,137	134,957	126,439
Total Primary Government Net Expense	$ (3,475,500)	$ (4,639,899)	$ (2,122,362)	$ (2,115,343)

NOTES:

This schedule is presented on the accrual basis of accounting.

[a] The permanent fund dividend function represents the portion of the income earned by the Alaska Permanent Fund that is paid out to eligible Alaska residents.

[b] In 2009 the Alaska Permanent Fund Dividend expenses includes a one time energy rebate in the amount of $738,767 (in thousands) that was paid to Alaska citizens to offset the cost of energy.

2006	2005	2004	2003	2002
$ 13,908	$ 20,448	$ 13,048	$ 16,142	$ 16,465
2,895	2,477	2,329	937	2,738
-	-	-	-	-
29,774	30,754	23,086	23,277	19,329
9,736	10,959	8,625	6,201	9,528
138,192	134,817	134,087	103,586	93,737
2,460,023	1,967,523	1,446,144	1,299,097	906,477
6,840	4,744	3,719	34,895	2,829
63,257	48,506	46,774	44,882	40,456
-	-	-	-	-
1,460,145	1,400,904	1,422,265	1,303,282	1,111,681
618,554	642,311	624,835	611,414	502,703
4,803,324	4,263,443	3,724,912	3,443,713	2,705,943
9,116	10,006	10,333	13,598	9,434
168,942	148,354	160,762	156,459	135,097
103,999	99,375	76,467	76,753	67,936
-	-	-	-	-
19,262	17,485	13,329	18,177	33,128
73,570	84,249	79,715	52,859	36,642
374,889	359,469	340,606	317,846	282,237
$ 5,178,213	$ 4,622,912	$ 4,065,518	$ 3,761,559	$ 2,988,180
$ 292,265	$ 254,680	$ 227,516	$ 278,972	$ 414,344
505,093	552,232	660,471	908,676	1,086,362
1,251,111	1,143,197	1,072,194	951,790	939,988
271,687	244,927	246,101	226,729	208,322
1,768,611	1,832,252	1,661,454	1,553,612	1,406,064
175,878	147,606	131,179	130,408	118,928
535,877	517,875	420,476	458,200	413,305
263,777	242,610	225,167	206,161	194,377
477,249	129,518	128,254	142,934	126,427
711,351	762,514	392,737	418,463	406,543
57,598	43,039	52,303	65,364	65,241
32,152	32,153	32,763	19,903	16,564
6,342,649	5,902,603	5,250,615	5,361,212	5,396,465
12,285	9,304	4,980	8,799	16,540
130,487	147,687	185,342	191,598	150,176
120,879	99,350	81,475	77,892	68,884
598	155	77		
264,249	256,496	271,874	278,289	235,600
$ 6,606,898	$ 6,159,099	$ 5,522,489	$ 5,639,501	$ 5,632,065
$ (1,539,325)	$ (1,639,160)	$ (1,525,703)	$ (1,917,499)	$ (2,690,522)
110,640	102,973	68,732	39,557	46,637
$ (1,428,685)	$ (1,536,187)	$ (1,456,971)	$ (1,877,942)	$ (2,643,885)

STATE OF ALASKA **SCHEDULE A-3**

Financial Trends - Government-wide General Revenues, and Other Changes in Net Assets
Last Nine Fiscal Years
(Stated in Thousands)

	2010	2009	2008	2007
Net (Expense)/Revenue (From Schedule A-2)				
Governmental Activities	$ (3,489,120)	$ (4,701,036)	$ (2,257,319)	$ (2,241,782)
Business-type Activities	13,620	61,137	134,957	126,439
Total Primary Government Net Expense	$ (3,475,500)	$ (4,639,899)	$ (2,122,362)	$ (2,115,343)
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Taxes:				
Severance Taxes	$ 2,669,281	$ 3,345,993	$ 6,929,895	$ 2,256,299
Selective Sales/Use	251,414	235,121	270,119	233,788
Income Taxes	552,792	632,123	981,673	812,652
Property Taxes	118,780	111,251	81,518	65,692
Other Taxes	8,905	10,225	18,387	9,495
Interest and Investment Earnings	4,529,193	(6,460,729)	(910,362)	5,968,976
Tobacco Settlement	31,502	37,349	32,141	21,247
Payments In from Component Units	40,538	26,392	115,635	400,382
Other Revenues	37,573	91,857	27,873	32,295
Transfers - Internal Activity	(5,267)	(14,032)	(625)	3,028
Special Items	-	-	-	-
Pension Obligation and Other Post Employment	-	126,393	-	-
Prior Period Adjustments and Restatements	-	(2,186)	-	-
Changes in Accounting Principles	-	604,222	-	-
Total Governmental Activities General Revenues and Other Changes in Net Assets	8,234,711	(1,256,021)	7,546,254	9,803,854
Business-type Activities:				
Interest and Investment Earnings	(13,201)	(11,037)	(281)	14,155
Other Revenues	10,538	5,562	-	1,215
Payments In from Component Units	-	53	-	-
Transfers - Internal Activity	5,267	14,032	625	(3,028)
Special Items	-	3,972	-	-
Prior Period Adjustments and Restatements	-	(3,685)	-	-
Changes in Accounting Principles	-	(1,518)	-	-
Total Business-type Activities General Revenues and Other Changes in Net Assets	2,604	7,379	344	12,342
Total Primary Government General Revenues and Other Changes in Net Assets	$ 8,237,315	$ (1,248,642)	$ 7,546,598	$ 9,816,196
Change in Net Assets				
Governmental Activities	$ 4,745,591	$ (5,957,057)	$ 5,288,935	$ 7,562,072
Business-type Activities	16,224	68,516	135,301	138,781
Total Primary Government Changes in Net Assets	$ 4,761,815	$ (5,888,541)	$ 5,424,236	$ 7,700,853

NOTE:
This schedule is presented on the accrual basis of accounting.

2006	2005	2004	2003	2002
$ (1,539,325)	$ (1,639,160)	$ (1,525,703)	$ (1,917,499)	$ (2,690,522)
110,640	102,973	68,732	39,557	46,637
$ (1,428,685)	$ (1,536,187)	$ (1,456,971)	$ (1,877,942)	$ (2,643,885)
$ 1,332,880	$ 965,431	$ 697,394	$ 640,856	$ 549,848
196,605	186,354	180,354	156,693	139,531
821,664	588,694	339,270	207,075	269,273
54,508	42,912	47,416	48,741	49,641
11,865	10,743	10,979	9,421	11,585
3,312,907	2,840,596	3,561,847	1,205,191	(371,614)
19,975	21,759	21,439	25,054	134,925
104,556	121,312	58,846	80,728	63,474
60,857	19,294	60,781	7,618	24,280
4,894	4,968	4,306	2,830	1,539
-	-	4,829	127,413	-
-	-	-	-	-
(125,041)	695,553	(192,287)	24,053	35,955,420
-	-	-	-	-
5,795,670	5,497,616	4,795,174	2,535,673	36,827,902
2,935	5,154	1,067	6,567	6,449
1,393	1,356	-	419	546
-	-	-	-	652
(4,894)	(4,968)	(4,306)	(2,830)	(1,539)
-	-	-	(5,453)	-
243	(288)	(3,928)	(10,654)	(1,018)
-	-	-	-	-
(323)	1,254	(7,167)	(11,951)	5,090
$ 5,795,347	$ 5,498,870	$ 4,788,007	$ 2,523,722	$ 36,832,992
$ 4,256,345	$ 3,858,456	$ 3,269,471	$ 618,174	$ 34,137,380
110,317	104,227	61,565	27,606	51,727
$ 4,366,662	$ 3,962,683	$ 3,331,036	$ 645,780	$ 34,189,107

STATE OF ALASKA **SCHEDULE A-4**
Financial Trends - Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Stated in Thousands)

	2010	2009	2008	2007
General Fund (Per GASB 54) [a]				
Nonspendable	$ 229,199	$	$	$
Restricted	119,379			
Committed	4,782,302			
Assigned	-			
Unassigned	10,405,256			
General Fund (Prior GASB 54) [a]				
Reserved [b]	-	1,101,357	898,734	5,388,823
Unreserved	-	13,222,879	13,717,732	2,249,074
Total General Fund	$ 15,536,136	$ 14,324,236	$ 14,616,466	$ 7,637,897
All Other Governmental Funds (Per GASB 54) [a]				
Nonspendable	$ 32,408,388	$	$	$
Restricted	286,528			
Committed	418,643			
Assigned	1,209,837			
Unassigned	-			
All Other Governmental Funds (Prior GASB 54) [a]				
Reserved [c]	-	29,983,196	31,388,842	34,155,999
Unreserved, reported in:				
Permanent funds	-	426,318	4,984,371	4,144,850
Special revenue funds	-	420,993	397,895	381,225
Capital projects funds	-	207,550	113,515	116,074
Total All Other Governmental Funds	$ 34,323,396	$ 31,038,057	$ 36,884,623	$ 38,798,148

NOTES:
This schedule is presented on the modified accrual basis of accounting.
In 2002, funds were reclassified in conjunction with implementing GASB Statement No. 34.
In 2010, funds were reclassified in conjunction with implementing GASB Statement No. 54.

[a] Prior to 2010 and the implementation of GASB Statement No. 54, fund balances were classified as Reserved or Unreserved. Under GASB Statement No. 54, fund balances are classified as Nonspendable, Reserved, Committed, Assigned, or Unassigned.
[b] The majority of the amount reported as reserved for the General Fund from 2002 through 2007 represents the Constitutional Budget Reserve Fund. Further discussion of this fund is included in the Notes to the Basic Financial Statements. Beginning 2008 the majority represents reserved for encumbrances within the General Fund.
[c] The majority of the amount reported as reserved for all other governmental funds since 2002 represents the Alaska Permanent Fund. Further discussion of this fund is included in Management's Discussion and Analysis.

2006	2005	2004	2003	2002	2001
$	$	$	$	$	$
5,447,085	5,367,346	5,369,520	5,400,958	4,819,136	192,610
(123,785)	(1,297,611)	(1,929,657)	(1,850,881)	(701,741)	(3,368,474)
$ 5,323,300	$ 4,069,735	$ 3,439,863	$ 3,550,077	$ 4,117,395	$ (3,175,864)
$	$	$	$	$	$
30,788,066	29,015,791	27,068,135	24,464,472	22,191,935	45,343
2,594,854	1,449,370	869,711	114,139	1,658,082	-
51,662	75,991	47,841	78,987	46,919	23,171
140,606	126,963	227,982	438,606	-	-
$ 33,575,188	$ 30,668,115	$ 28,213,669	$ 25,096,204	$ 23,896,936	$ 68,514

STATE OF ALASKA **SCHEDULE A-5**
Financial Trends - Changes in Fund Balances, Governmental Funds
Last Ten Fiscal Years
(Stated in Thousands)

	2010	2009	2008	2007
Revenues				
Taxes	$ 3,602,345	$ 4,334,450	$ 8,282,074	$ 3,462,462
Licenses and Permits	144,160	146,460	150,207	142,204
Charges for Services	164,400	176,310	179,213	180,695
Fines and Forfeitures	14,745	14,306	18,673	32,367
Rents and Royalties	2,259,999	2,237,219	3,354,696	2,162,495
Premiums and Contributions	21,782	28,806	17,520	16,369
Interest and Investment Income	4,575,828	(6,480,492)	(913,571)	6,023,532
Federal Grants in Aid	2,422,985	2,119,109	1,925,558	2,021,414
Payments in from Component Units [d]	40,538	26,392	115,635	400,382
Other Revenues	32,530	61,092	43,908	31,349
Total Revenues	13,279,312	2,663,652	13,173,913	14,473,269
Expenditures				
General Government	437,178	740,621	596,754	346,530
Alaska Permanent Fund Dividend [a f]	817,162	2,015,974	990,379	658,294
Education	1,705,340	1,658,971	1,716,876	1,359,413
University [d]	402,867	409,890	382,459	320,238
Health and Human Services	2,251,631	2,064,656	1,881,458	1,819,084
Law and Justice [b]	303,662	202,860	209,031	179,851
Public Protection [b]	715,945	620,975	577,377	553,412
Natural Resources	391,318	339,496	301,660	297,410
Development	330,074	387,633	251,051	429,894
Transportation	1,174,671	1,111,105	1,036,352	988,857
Capital Outlay [c]	-	-	-	-
Intergovernmental Revenue Sharing	177,804	231,364	128,564	61,925
Debt Service:				
Principal	43,210	48,414	45,870	39,110
Interest and Other Charges	45,110	41,914	46,546	42,253
Existing Monies to Bond Escrow Agent	-	-	-	27,009
Bond Issuance Costs	-	524	-	-
Total Expenditures	8,795,972	9,874,397	8,164,377	7,123,280
Excess (Deficiency) of Revenues Over Expenditures	4,483,340	(7,210,745)	5,009,536	7,349,989
Other Financing Sources (Uses)				
Bonds Issued	-	165,000	-	218,938
Refunding Bonds Issued [e]	-	-	-	193,050
Bond Issue Premium	-	8,611	-	-
Other Debt Proceeds	-	-	-	(193,050)
Refunding Bond Issue Premium [e]	-	-	-	-
Bond Discount	-	-	-	(11,180)
Payment to Refunded Bond Escrow Agent [e]	-	-	-	-
Capital Leases	20,603	271,901	59,651	4,241
Transfers In from Other Funds	924,015	937,064	1,479,573	1,338,871
Transfers In from Component Units [d]	-	-	-	-
Transfers (Out to) Other Funds	(930,719)	(961,402)	(1,483,716)	(1,363,302)
Transfers (Out to) Component Units [d]	-	-	-	-
Total Other Financing Sources and Uses	13,899	421,174	55,508	187,568
Special Items	-	-	-	-
Prior Period Adjustments and Restatements	-	(2,186)	-	-
Changes in Accounting Principles	-	652,961	-	-
Net Change in Fund Balances	$ 4,497,239	$ (6,138,796)	$ 5,065,044	$ 7,537,557
Debt Service as a Percentage of Noncapital Expenditures	1.16%	1.06%	1.22%	1.69%

NOTES:

This schedule is presented on the modified accrual basis of accounting.

In 2002, funds were reclassified in conjunction with implementing GASB Statement No. 34.

[a] Prior to 2002 and the implementation of GASB Statement No. 34, the Alaska Permanent Fund Dividend Fund was reported as an expendable trust fund.

[b] Prior to 2002 and the implementation of GASB Statement No. 34, Law and Justice and Public Protection expenditures were combined as one function.

[c] With the implemention of GASB Statement No. 34, Capital Outlay is no longer reported as a separate function.

[d] Prior to 2002 and the implementation of GASB Statement No. 34, Transfers In from and Out to Component Units were classified as Other Financing Sources (Uses). Under GASB Statement No. 34 payments to component units are reported as revenues or expenditures rather than as transfers.

[e] In 2005 new certificates of participation were issued to refund existing certificates of participation debt.

[f] In 2009 the Alaska Permanent Fund Dividend expenses includes a one time energy rebate in the amount of $738,767 (in thousands) that was paid to Alaska citizens to offset the cost of energy.

2006	2005	2004	2003	2002	2001
$ 2,361,263	$ 1,764,465	$ 1,275,413	$ 1,062,786	$ 1,019,878	$ 1,332,572
129,604	122,888	116,164	100,814	90,049	78,367
159,410	152,992	184,178	167,505	157,458	161,418
10,441	11,030	17,598	10,477	11,937	33,680
2,418,169	1,957,615	1,428,982	1,286,742	867,143	1,134,884
17,906	17,153	17,984	29,809	19,612	-
3,339,127	2,874,284	3,586,212	1,224,015	(379,887)	80,175
1,997,567	1,951,921	1,941,037	1,769,144	1,552,694	1,324,761
104,555	121,312	58,846	80,728	63,474	-
74,163	30,957	32,363	37,809	154,713	129,487
10,612,205	9,004,617	8,658,777	5,769,829	3,557,071	4,275,344
294,151	261,596	257,207	278,604	393,579	260,488
505,093	552,232	660,471	908,676	1,086,362	-
1,227,523	1,136,016	1,042,702	990,384	973,716	879,584
272,193	244,917	246,168	226,794	208,497	-
1,794,439	1,748,751	1,707,996	1,571,025	1,408,238	1,284,018
171,185	141,890	135,026	131,359	117,648	526,676
527,332	525,855	431,261	459,321	410,000	-
259,087	236,146	227,132	221,088	199,032	152,690
477,945	128,257	132,452	145,242	130,893	19,404
894,571	804,546	764,003	737,768	650,678	165,551
-	-	-	-	-	573,691
59,477	43,081	52,259	65,743	65,198	82,519
39,965	39,570	15,568	18,107	16,664	-
38,429	38,989	34,369	18,332	15,878	4,294
-	-	-	-	-	-
-	-	-	-	-	-
6,561,390	5,901,846	5,706,614	5,772,443	5,676,383	3,948,915
4,050,815	3,102,771	2,952,163	(2,614)	(2,119,312)	326,429
92,060	-	14,145	461,935	142,790	116,050
-	25,725	-	-	-	-
856	-	-	39,310	-	-
1,957	-	-	-	-	-
-	1,251	-	-	-	-
-	-	-	-	(1,852)	(878)
-	(26,858)	-	-	-	-
8,628	10,751	15,615	-	-	-
807,093	604,541	614,250	706,507	961,827	32,098
-	-	-	-	-	87,315
(801,164)	(615,931)	(597,320)	(695,498)	(947,910)	(357,628)
-	-	-	-	-	(213,075)
109,430	(521)	46,690	512,254	154,855	(336,118)
-	-	4,829	127,413	-	-
393	(17,932)	3,569	(5,103)	33,086,138	1,978
-	-	-	-	-	-
$ 4,160,638	$ 3,084,318	$ 3,007,251	$ 631,950	$ 31,121,681	$ (7,711)
1.37%	1.51%	1.00%	0.72%	0.62%	0.13%

STATE OF ALASKA **SCHEDULE B-1**
Revenue Capacity - Alaska Permanent Fund Investment Income
Last Ten Fiscal Years
(Stated in Millions)

Fiscal Year	Ending Fund Market Value [a]	Nonspendable Fund Assets	Assigned Fund Assets [b]	Total Fund Return
2001	$ 24,815	$ 22,431	$ 2,384	-3.3%
2002	23,525	22,389	1,136	-2.2%
2003	24,194	24,094	100	4.5%
2004	27,400	26,541	859	14.2%
2005	29,962	28,522	1,440	10.4%
2006	32,910	30,325	2,585	11.0%
2007	37,826	33,694	4,132	17.1%
2008	35,881	30,912	4,969	-3.6%
2009	29,916	29,496	420	-18.0%
2010	33,255	32,045	1,210	11.7%

Annual Rate of Return by Asset Class [d]

Fiscal Year	Domestic Equities	International Equities	Global Equities	Domestic Bonds	Non-Dollar Bonds	Real Estate	Alternative Investments	Total Fund
2001	-13.1%	-22.9%	NA [c]	11.4%	0.8%	14.3%	NA [c]	-3.3%
2002	-15.4%	-8.6%	NA [c]	8.0%	10.2%	10.3%	NA [c]	-2.2%
2003	-0.3%	-5.0%	NA [c]	10.2%	15.3%	9.1%	NA [c]	4.5%
2004	21.1%	28.4%	NA [c]	0.8%	4.3%	16.5%	NA [c]	14.2%
2005	7.2%	15.4%	NA [c]	6.8%	10.1%	27.2%	NA [c]	10.4%
2006	10.0%	26.1%	NA [c]	-0.3%	0.6%	20.0%	11.3%	11.0%
2007	19.2%	31.6%	8.9%	6.2%	2.8%	18.1%	13.6%	17.1%
2008	-11.7%	-5.5%	-10.2%	6.1%	10.9%	0.5%	1.0%	-3.6%
2009	-24.8%	-31.3%	-31.4%	3.3%	3.6%	-18.4%	-13.2%	-18.0%
2010	15.9%	11.8%	11.6%	11.5%	7.9%	-0.6%	13.5%	11.7%

SOURCE:
Alaska Permanent Fund Corporation

NOTES:
[a] The Alaska Permanent Fund is made up of two parts: nonspendable and assigned assets. The nonspendable portion of the fund is invested in perpetuity and cannot be spent without amending the state constitution through a majority vote of the people.
[b] Assigned fund assets are defined in Alaska statute as the accumulation of cash flow and net realized gains from investments and are subject to appropriation by the Legislature. The assigned fund assets have historically only been used to distribute a portion of realized earnings to the citizens of Alaska and to protect the nonspendable fund assets from inflation. The assigned fund assets are where all income available for appropriation is recorded, retained and reinvested until distributed in accordance with State of Alaska law. The assigned fund assets shown above have already been reduced by the annual dividend and inflation proofing transfer. The nonspendable and assigned fund assets are commingled for investment purposes.
[c] NA = The fund held no investments in this asset type.
[d] Returns are shown by major asset class only and are unaudited. For the year 2007 global equity returns are for six months only.

REVENUE BASE (Last Nine Fiscal Years)

Oil Severance Taxes

Fiscal Year	Well-Head Value	Weighted Average Severance Tax Rate	Weighted Average Economic Limit Factor (ELF)
2002	$16.80 per barrel	14.44%	59.75%
2003	$23.27 per barrel	14.16%	55.19%
2004	$26.78 per barrel	14.23%	53.22%
2005	$38.92 per barrel	14.20%	52.99%
2006	$55.31 per barrel	14.62%	58.26%
2007	$55.79 per barrel	16.90%	Not Applicable
2008	$84.45 per barrel	39.99%	Not Applicable
2009	$62.02 per barrel	20.20%	Not Applicable
2010	$68.89 per barrel	18.04%	Not Applicable

REVENUE RATE: The method of determining the revenue rate changed on April 1, 2006 with the implementation of the Petroleum Profits Tax (PPT) [a]. On July 1, 2007 Alaska Clear and Equitable Share (ACES) was implemented.

Production tax revenue under the Alaska Clear and Equitable Share (ACES) and Petroleum Profits Tax (PPT) is calculated as follows, with the difference between ACES and PPT shown in the notes:

[(Petroleum Value [1] minus Costs [2]) times Tax Rate [3]] minus Credits [4]

[1] Petroleum Value = (Total number of barrels [a] produced minus royalty barrels [b]) multiplied by the wellhead value [c]
[a] The total number of barrels of oil equivalent produced
See the Royalty Revenue Capacity Schedule B-3 for number of barrels produced.
[b] Minus the number of royalty barrels
Barrels that are charged royalties are not taxed, therefore these barrels are subtracted from the total.
[c] Multiplied by the wellhead value
Destination value minus allowable marine and transportation costs of each barrel.

[2] Costs = Lease expenditures, including qualified operating and capital expenses

[3] Tax Rate = ACES: The production tax rate is 25% of the petroleum value minus costs ("net income"). A progressive surcharge of .4% is added for every dollar that this "net income" per barrel exceeds $30 and is less than $92.50. At $92.50, the progressive surcharge changes to .1% for every additional dollar in net value. Total maximum tax rate is 75%.
PPT: The production tax rate is 22.5% of the petroleum value minus costs ("net income"). A progressive surcharge of .25% is added for every dollar that this "net income" per barrel exceed $40. Total maximum tax rate is 47.5%.

[4] Credits = ACES: Includes a 20% credit for all qualified capital expenditures, and a standard deduction of up to $12 million per year for qualified companies.
PPT: Includes a 20% credit for all qualified capital expenditures, 20% credit for eligible transition expenditures, and a standard deduction of up to $12 million per year for qualified companies.

Prior to April 1, 2006 the Revenue Rate was calculated using the Economic Limit Factor (ELF).
The effective severance tax rate was computed as: (Number of barrels produced less the number of royalty barrels) × the wellhead value × the severance tax rate × ELF.

Production tax rate is applied to net production value beginning in FY 2007. Prior to FY 2007, production tax rate was applied to gross value at point of production.

REVENUE PAYERS (Current Reporting Period and Period Nine Years Prior)

	2010	2001
Alaska Statute 43.05.230 prohibits naming individual tax payers.	Five oil companies account for more than 99.87% of severance tax.	Five oil companies account for more than 95.71% of severance tax.
Amount of Revenue Base	Five oil companies account for 235,317 thousands of barrels of oil production.	Five oil companies account for 334,816 thousands of barrels of oil production.
Percent of top payers to total oil production	98.16%	96.98%
Percent of top payers to total severance tax revenue	99.87%	95.7%

SOURCE:
Alaska Department of Revenue, Tax Division

NOTES:
[a] The Petroleum Profits Tax (PPT) became effective on April 1, 2006, replacing the previous production tax system based on the Economic Limit Factor (ELF). Production taxpayers paid under the ELF system through the end of December 2006, with a 'true-up' of tax liability under the PPT system due in April 2007. All revenues received at that time that were attributable to the PPT system were considered FY 2007 revenues.

REVENUE BASE (Last Nine Fiscal Years)

Fiscal Year	Gross Number of Barrels	Number of Barrels for Which Royalties are Charged	Weighted Average Royalty Rate
2002	387,190,479	48,415,456	12.50%
2003	376,494,188	49,296,600	13.09%
2004	370,732,200	48,080,646	12.97%
2005	340,267,626	44,669,897	13.13%
2006	315,713,921	39,953,892	12.65%
2007	276,283,804	35,287,199	12.77%
2008	269,773,057	34,158,311	12.66%
2009	257,812,862	31,877,658	12.36%
2010	232,152,553	29,674,841	12.78%

REVENUE RATE: The method of determining the revenue rate changed on April 1, 2006 with the implementation of the Petroleum Profits Tax (PPT)[a] On July 1, 2007 Alaska Clear and Equitable Share (ACES) was implemented.

The royalty rate ranges from 5.00% to 33.33%, depending on lease terms. However, the majority of fields are charged at 12.50%.

REVENUE PAYERS (Current Reporting Period and Period Nine Years Prior)

	2010	2001
Top Payers	Royalties from British Petroleum, ConocoPhillips, and Flint Hills corporations comprise about 88% of oil royalty barrels this fiscal year.	Royalties from British Petroleum, Phillips, Tesoro, and Williams corporations comprise more than 83% of oil royalty barrels this fiscal year.
Amount of Revenue Base	British Petroleum, ConocoPhillips, and Flint Hills corporations paid royalties on about 26 million barrels of oil this fiscal year.	British Petroleum, Phillips, Tesoro, and Williams corporations paid royalties on about 39 milllion barrels of oil this fiscal year.
Percent of top payers to number of royalty barrels:	88.36%	83.28%
Percent of top payers to total royalty revenue:	86.71%	78.21%

SOURCE:
Alaska Department of Natural Resources, Division of Oil and Gas

NOTE:
Per Article IX, Section 15 of the Alaska Constitution, "At least 25 percent of all mineral. . . royalties. . . received by the State shall be placed in a permanent fund…"

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STATE OF ALASKA **SCHEDULE C-1**

Debt Capacity - Ratios of Outstanding Debt By Type
Last Ten Fiscal Years
(Stated in Thousands, Except Per Capita Amount)

	General Bonded Debt			Other Governmental Activities Debt		
Fiscal Year	General Obligation Bonds	Percentage of Personal Income [a]	Per Capita [a]	Tobacco Revenue Bonds	Sport Fishing Revenue Bonds	Certificates of Participation [b]
2001	$ -	0.00%	$ -	$ 115,172	$ -	$ -
2002	-	0.00%	-	232,863	-	16,000
2003	499,541	2.44%	776	224,599	-	16,000
2004	492,586	2.26%	760	218,316	-	30,145
2005	463,117	2.03%	707	212,794	-	61,625
2006[d]	433,916	1.85%	654	207,995	68,345	74,770
2007[d]	404,866	1.56%	604	387,252	64,273	65,275
2008	375,808	1.38%	555	381,399	61,942	56,990
2009	520,019	1.72%	765	372,374	57,802	51,415
2010	489,517	1.62%	707	371,298	54,455	45,605

NOTES:

Details regarding the State's outstanding debt can be found in the Notes to the Basic Financial Statements.

[a] See Schedule D-1, Demographic and Economic Information - Statistics, for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

[b] Prior to 2002, all Certificates of Participation (COPs) were reported as capital leases. For fiscal years 2002-2004, COPs related to facilities under construction were reported as COPs, and completed projects were reported as capital leases. Beginning in 2005, all COPs are reported as Certificates of Participation.

[c] In 2002, the capitalization threshold for reporting capital leases was increased, and operating leases that met the criteria for reporting as capital leases were reported for the first time, in conjunction with implementation of GASB Statement No. 34.

[d] For 2006 and 2007 the capital leases have been corrected to include internal service funds data.

Capital Leases [b, c, d]	Business-type Activities: International Airports Revenue Bonds	Total Primary Government	Percentage of Personal Income [a]	Per Capita [a]
$ 116,529	$ 226,976	$ 458,677	2.46%	$ 732
261,280	362,374	872,517	4.44%	1,377
272,473	356,510	1,369,123	6.69%	2,127
194,492	422,141	1,357,680	6.23%	2,094
147,993	412,057	1,297,586	5.68%	1,980
140,670	646,238	1,571,934	6.68%	2,369
130,311	633,152	1,685,129	6.51%	2,515
171,458	617,465	1,665,062	6.10%	2,460
410,846	582,893	1,995,349	6.60%	2,936
410,085	562,006	1,932,966	6.40%	2,792

STATE OF ALASKA **SCHEDULE C-2**

Debt Capacity - Pledged-Revenue Coverage
Last Ten Fiscal Years
(Stated in Thousands)

Fiscal Year	Gross Revenues	Less: Operating Expenses	Net Available Revenues	Debt Service Principal	Debt Service Interest	Coverage
International Airports Revenue Bonds: [a]						
2001	$ 82,165	$ 44,798	$ 37,367	$ 1,135	$ 11,613	2.93%
2002	73,661	47,779	25,882	3,660	11,508	1.71%
2003	83,320	54,686	28,634	6,300	18,642	1.15%
2004	77,524	49,238	28,286	6,580	18,365	1.13%
2005	104,538	61,131	43,407	12,138	21,554	1.29%
2006	107,125	68,732	38,393	12,529	21,011	1.14%
2007	123,435	70,609	52,826	12,770	31,675	1.19%
2008	129,835	72,054	57,781	15,515	30,450	1.26%
2009	103,668	72,164	31,504	19,880	29,711	0.64%
2010	110,811	64,368	46,443	6,085	28,491	1.34%
Northern Tobacco Securitization Corporation (NTSC) Tobacco Revenue Bonds: [b]						
2001	$ 774	$ -	$ 774	$ -	$ 4,294	0.18%
2002	21,350	-	21,350	-	7,188	2.97%
2003	21,467	-	21,467	490	13,309	1.56%
2004	18,399	-	18,399	-	12,925	1.42%
2005	18,620	-	18,620	-	12,569	1.48%
2006	17,136	-	17,136	-	12,264	1.40%
2007	18,428	-	18,428	-	11,996	1.54%
2008	29,542	-	29,542	3,360	19,440	1.30%
2009	30,972	-	30,972	-	19,834	1.56%
2010	25,294	-	25,294	-	19,750	1.28%
Sport Fishing Revenue Bonds: [c]						
2006	$ 1,296	$ -	$ 1,296	$ -	$ -	-
2007	7,418	-	7,418	2,415	2,883	1.40%
2008	7,483	-	7,483	2,295	2,923	1.43%
2009	6,636	-	6,636	2,385	2,831	1.27%
2010	5,825	-	5,825	2,485	2,649	1.13%

NOTES:

Details regarding the State's outstanding debt can be found in the Notes to the Basic Financial Statements. Gross revenues include nonoperating interest and investment income. Operating expenses do not include interest, depreciation or amortization expenses. Additional details regarding revenues and expenses can be found in the combining fund statements of this CAFR.

[a] The principal revenues of the International Airports are charges to customers for airfield operations, concession fees, rent, and user fees.

[b] Tobacco Revenue Bonds are debt of the Northern Tobacco Securitization Corporation (NTSC), which was incorporated on September 29, 2000. NTSC revenues include Tobacco Settlement Revenues (TSRs) and investment earnings, both of which are pledged as security under the revenue bond indentures.

[c] Sport Fishing Revenue Bonds were sold April 11, 2006. Revenues consist primarily of a sport fishing facility surcharge collected on the sale of sport fishing licenses.

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STATE OF ALASKA **SCHEDULE D-1**
Demographic and Economic Information - Statistics
Last Ten Calendar Years

Year	Population [1]	Personal Income (Stated in Millions) [2]	Alaska Per Capita Personal Income [2]	United States Per Capita Personal Income [2]	Median Age [1]	Unemployment Rate [1]
2000	626,932	$ 18,612	$ 30,064	$ 29,676	32.4	6.2%
2001	633,630	19,641	30,936	30,472	32.6	6.2%
2002	643,786	20,467	31,792	30,832	32.7	7.1%
2003	648,280	21,779	33,568	31,632	33.1	7.7%
2004	655,435	22,582	34,454	32,937	33.3	7.5%
2005	663,661	23,515	35,433	33,050	33.4	6.8%
2006	670,053	25,879	38,622	34,471	33.5	6.7%
2007	676,987	27,294	39,934	36,714	33.5	6.2%
2008	679,720	30,224	44,039	40,208	33.5	6.7%
2009	692,314	30,180	43,209	39,626	33.5	8.0%

SOURCES:
[1] Alaska Department of Labor and Workforce Development, Research and Analysis Section
[2] U.S. Department of Commerce, Bureau of Economic Analysis

NOTE:
At the time of preparation, data provided by the U.S. Department of Commerce, Bureau of Economic Analysis is preliminary.

	2009			2000		
Employer	Employees	Rank	Percentage of Total State Employment	Employees	Rank	Percentage of Total State Employment
Uniformed Military	23,077	1	7.08%	17,614	1	5.91%
State of Alaska [a]	18,139	2	5.57%	16,066	3	5.39%
Federal Government	17,065	3	5.24%	17,139	2	5.76%
University of Alaska	7,218	4	2.22%	6,112	4	2.05%
Anchorage School District	7,006	5	2.15%	5,945	5	2.00%
Providence Health System Alaska [b]	4,000	6	1.23%	3,098	7	1.04%
Municipality of Anchorage	3,110	7	0.95%	2,868	8	0.96%
Wal-Mart/Sam's Club [b]	3,249	8	1.00%	-	N/A	-
Safeway Stores/Carrs [b]	2,999	9	0.92%	3,270	6	1.10%
Fred Meyer [b]	2,749	10	0.84%	2,146	9	0.72%
Fairbanks North Star School District	-	N/A	-	1,918	10	0.64%
Total	88,612		27.20%	76,176		25.57%

SOURCE:
Alaska Department of Labor and Workforce Development, Research and Analysis Section

NOTES:
[a] For the purpose of a relevant principal employers indicator, with the exception of the University of Alaska, component unit employees are included in State of Alaska figures. The number of component unit employees is immaterial and inclusion does not change the ranking of the State of Alaska as an employer.
[b] Ranges were given on these average monthly employment numbers for 2009. The highest average monthly employment range number was used.

STATE OF ALASKA **SCHEDULE E-1**

Operating Information - Full-time Equivalent Government Employees by Function

Last Nine Fiscal Years

FUNCTION	2010	2009	2008	2007
General Government	2158	2,225	2,137	2,139
Education	432	419	414	423
Health and Human Services	2873	2,694	2,816	2,599
Law and Justice	1671	1,642	1,587	1,550
Public Protection	3582	3,540	3,297	3,634
Natural Resources	2131	2,031	1,994	1,978
Development	822	775	745	748
Transportation	3052	3,060	2,987	2,979
Totals	16,721	16,386	15,977	16,050

NOTE:

Full-time equivalent employees are calculated using the total number of hours worked, divided by the number of hours worked during the year by a full-time employee.

2006	2005	2004	2003	2002
2,101	2,071	2,009	2,181	2,115
409	395	421	346	444
2,511	2,432	2,477	2,579	2,460
1,498	1,451	1,400	1,413	1,378
3,588	3,552	3,560	3,552	3,268
1,932	1,897	1,928	1,956	1,895
794	773	770	796	797
2,940	2,826	2,833	2,741	2,658
15,773	15,397	15,398	15,564	15,015

STATE OF ALASKA **SCHEDULE E-2**
Operating Information - Operating Indicators by Function
Last Ten Fiscal Years

FUNCTION	2010	2009	2008	2007
Alaska Permanent Fund Dividend				
Number of Dividends Paid [a]	-	623,707	615,513	595,237
Education				
Student Enrollment in State Supported				
Schools (pre-elementary through grade 12)	131,662	130,685	131,029	132,608
University				
Student Enrollment in the State University				
System (average head count over both semesters)	33,821	31,888	32,324	32,515
Health and Human Services				
Medicaid Beneficiaries	134,535	123,791	117,472	121,864
Temporary Assistance Caseload [h]	3,198	3,027	3,109	6,335
Protective Services Reports Regarding Children [b]	14,629	13,441	11,599	11,400
Law and Justice				
Criminal Caseload - Misdemeanors	23,818	22,351	23,973	23,609
Criminal Caseload - Felonies and Appeals	8,571	7,796	8,466	8,469
Civil Caseload [g]	5,663	5,599	5,048	5,083
Public Protection				
Adult Offenders in Correctional Facilities [f]	5,600	5,319	5,384	5,236
Juvenile Offenders in Detention or Treatment Facilities	211	202	228	237
National Guard Assigned Strength in Alaska [d]	3,845	3,785	4,242	3,872
Number of Homicides Investigated by State Troopers [g]	9	15	14	12
Natural Resources				
Wholesale Value of Alaska Commercial Fish				
Harvests (stated in thousands of dollars) [a]	-	1,970,607	2,607,666	2,326,176
Recreation Acres State Owned or Maintained	11,931,889	11,834,483	11,535,850	11,663,339
State Timber Sold Annually (million board feet)	12.5	15.5	61.0	82.9
State Acreage Leased for Oil and Gas Development [e]	3,859,116	4,933,466	5,435,904	4,980,450
Placer Mines Permitted	107	194	260	178
Development				
Number of State Business Licenses	65,096	59,751	62,187	65,331
Transportation				
Annual Fatalities per 100 Million Miles of Vehicle Travel in AK [a]	-	1.30	1.29	1.61
State Ferry Route Miles [a]	-	2,829	2,829	2,829
Intergovernmental Revenue Sharing				
Number of Communities that Receive a Portion of Shared				
Taxes and Fees	148	146	142	146
Loans				
Number of Loans in Portfolio	2,280	2,064	2,168	2,277
Unemployment Compensation				
Initial Claims Paid [a]	-	122,830.00	93,072	89,442
Airports [c]				
Landings:				
Jets	69,927	65,945	84,366	80,652
Other Aircraft	42,959	45,399	68,253	46,940
Passengers:				
In	2,804,494	2,926,772	3,043,533	2,889,786
Out	2,823,969	2,893,374	3,002,133	2,873,803
Through	240,331	227,164	360,572	364,850
Freight (in tons):				
In	361,019	288,650	366,907	369,743
Out	326,277	326,797	417,979	393,279

SOURCES:
Various state departments and the University of Alaska.

NOTES:
Indicators are not available for the general government function.
[a] Data is only provided on a calendar year basis.
[b] A change was made to the methodology of gathering this statistic, starting in 2005, to bring it into compliance with federal requirements.
[c] Consists of data for the Anchorage and Fairbanks International Airports.
[d] Prior to state fiscal year 2005, this statistical data was provided based on a calendar year. Beginning with 2005 this quarterly data is available for state fiscal year reporting purposes.
[e] Includes both on shore and off shore acres.
[f] Data was corrected for 2007.
[g] Data was corrected for 2008.
[h] Name Change previously welfare caseload

2006	2005	2004	2003	2002	2001
591,965	594,028	598,378	595,567	589,378	586,187
133,288	132,970	133,930	134,364	134,358	133,356
32,740	32,786	34,111	33,752	31,043	30,557
122,975	125,942	119,321	116,841	110,569	105,698
3,658	4,660	5,017	5,507	6,025	6,123
10,192	9,576	10,017	11,695	12,154	13,796
23,060	22,569	22,700	22,238	22,041	19,997
11,462	10,166	9,913	9,146	8,556	8,168
6,008	5,201	5,355	5,518	5,068	5,311
5,073	4,809	4,724	4,748	4,644	4,403
250	234	247	305	285	274
3,785	3,704	4,009	3,955	3,941	3,689
10	23	15	12	12	14
2,055,625	1,957,948	1,700,278	1,555,726	1,445,470	1,450,141
11,444,009	11,183,929	11,361,029	11,388,366	11,338,380	11,320,100
25.0	27.5	11.7	18.7	15.5	8.9
4,267,925	3,972,538	4,101,542	4,849,396	6,225,000	4,190,209
345	316	320	310	287	301
66,615	67,229	70,537	74,599	73,047	73,617
1.49	1.47	2.02	1.98	1.82	1.89
2,829	2,829	2,866	2,866	2,775	2,775
145	140	139	138	141	142
2,263	2,183	2,149	2,228	2,286	2,316
93,609	100,692	103,240	113,604	114,916	97,523
81,040	77,074	72,486	72,663	70,161	71,075
46,022	47,564	49,082	48,933	51,561	51,104
2,868,053	2,852,820	2,696,409	2,614,179	2,624,631	2,653,474
2,860,859	2,849,651	2,686,048	2,608,440	2,634,245	2,658,282
284,947	394,324	421,472	446,000	513,076	675,390
338,401	297,752	255,958	257,715	236,834	242,323
382,645	352,339	267,749	277,857	259,036	262,935

STATE OF ALASKA **SCHEDULE E-3**
Operating Information - Capital Asset Statistics by Function
Last Nine Fiscal Years

FUNCTION	2010	2009	2008	2007
Primary Government:				
General Government				
Buildings (square feet)	828,694	880,198	803,175	764,192
Education				
Buildings (square feet)	2,200,336	2,340,905	2,331,178	2,354,648
Schools	111	119	119	105
Schools Under Construction	36	39	39	35
Health and Human Services				
Buildings (square feet)	1,103,295	1,065,828	1,058,616	928,505
Pioneer Homes	6	6	6	6
Law and Justice				
Buildings (square feet)	641,456	649,529	596,631	553,687
Court Buildings	13	13	13	13
Public Protection				
Buildings (square feet)	1,375,250	1,400,619	1,239,332	1,298,482
Correctional Institutions	11	11	11	11
Aircraft	16	16	16	16
Motor Vessels	22	22	21	21
National Guard Armories [a]	21	21	21	21
Natural Resources				
Buildings (square feet)	818,066	803,675	749,618	706,814
Parks Acreage	3,381,858	3,356,810	3,356,810	3,353,805
Forest Acreage	2,122,899	2,097,608	2,097,608	2,232,400
Other State Land Acreage	91,858,588	90,309,649	88,505,417	86,166,329
Aircraft	3	3	3	3
Motor Vessels	9	9	9	9
Development				
Buildings (square feet)	315,477	306,678	279,924	267,229
Transportation				
Buildings (square feet)	1,172,039	1,210,953	1,122,960	1,064,449
Light Duty Vehicles	3,822	3,756	3,671	3,609
Heavy Duty Utility Vehicles	1,847	1,781	1,760	1,668
Ferries	11	11	11	11
Building Projects Under Construction	154	119	119	105
Rural Airports	253	256	256	256
Rural Airport Projects Under Construction	394	409	383	339
Centerline Road Miles [b]	-	5,601	5,595	5,606
Highway Projects Under Construction	807	801	808	782
Business-type Activities:				
Airports (Anchorage and Fairbanks International)				
Terminals (square feet)	1,271,568	1,295,864	1,280,864	1,280,864
International Airport (acreage)	8,244	8,244	8,153	8,153
International Airport Projects Under Construction	107	117	105	121
Runways (miles)	8	8	8	8

NOTES:
[a] Increase in National Guard Armories for 2005 was the result of a federal review for state owned armories that were not recognized in previous years.
[b] Centerline road miles are calculated on a calendar year basis.

2006	2005	2004	2003	2002
738,676	731,101	691,070	930,674	722,847
2,728,657	2,832,934	2,923,628	2,962,440	2,862,070
117	129	145	144	142
17	10	8	12	16
882,511	858,468	852,057	1,100,412	840,707
6	6	6	6	6
526,659	512,094	481,805	602,962	470,832
13	12	13	12	13
1,261,043	1,253,724	1,224,620	1,515,444	1,116,699
11	11	11	11	11
16	16	14	14	12
19	18	16	16	19
21	20	10	10	10
678,899	669,406	663,345	834,591	647,531
3,326,019	3,325,939	3,325,939	3,353,276	3,303,290
2,066,000	2,066,000	2,243,100	2,243,100	2,243,100
84,430,236	82,967,314	82,797,376	83,779,277	83,825,572
3	3	3	3	3
9	9	8	11	11
279,168	272,816	264,948	339,321	272,408
1,033,511	997,525	974,654	1,169,505	908,041
3,366	3,323	3,433	3,403	3,351
1,861	1,824	1,828	1,795	1,789
11	11	10	11	10
112	94	101	108	123
256	258	260	259	259
358	415	397	361	343
5,603	5,613	5,612	5,562	5,557
767	766	760	768	779
1,280,864	1,178,602	773,681	783,900	765,449
8,153	8,153	8,153	8,153	8,153
117	162	187	213	211
6	6	6	6	6

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Index of Funds

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Fund Description	Authority	Separately Reported?	Fund or Group	Statement Number
2008 Transportation Project (GO Bonds)	Ch 30, SLA 2008	Yes	CPF	3.51, 3.52
Accelerated Alaska Transportation Projects	Ch 114, SLA 2002	Yes	CPF	3.51, 3.52
Adak Airport Operations	PL 101-510	No	GF	3.01, 3.02
Agricultural Revolving Loan	AS 03.10.040	Yes	OAEF	4.31 - 4.33
Alaska Aerospace Corporation	AS 14.40.841	Yes	DPCU	6.01, 6.02
Alaska Capital Income	AS 37.05.565	No	GF	3.01, 3.02
Alaska Capstone Avionics Revolving Loan	AS 44.33.655	Yes	CAEF	4.11 - 4.13
Alaska Children's Trust	AS 37.14.200	No	GF	3.01, 3.02
Alaska Clean Water	AS 46.03.032-035 AS 37.15.565	Yes	OAEF	4.31 - 4.33
Alaska Debt Retirement	AS 37.15.011	No	GF	3.01, 3.02
Alaska Drinking Water	AS 46.03.036-039 AS 37.15.565	Yes	OAEF	4.31 - 4.33
Alaska Energy Authority	AS 44.83.020	Yes	DPCU	6.01, 6.02
Alaska Fish and Game Revenue Bond Redemption	AS 37.15.770	Yes	DSF	3.41, 3.42
Alaska Gasline Inducement Act Reimbursement	AS 43.90.400	No	GF	3.01, 3.02
Alaska Historical Commission Receipts Account	AS 41.35.380	No	GF	3.01, 3.02
Alaska Housing Capital Corporation	AS 18.56.086	Yes	SRF	3.31 - 3.33
Alaska Housing Finance Corporation	AS 18.56.020	Yes	DPCU	1.41, 1.42
Alaska Industrial Development and Export Authority	AS 44.88.020 AS 44.88.600 Ch 42, SLA 1987	Yes	DPCU	1.41, 1.42
Alaska Marine Highway System	AS 19.65.060	No	GF	3.01, 3.02
Alaska Marine Highway System Vessel Replacement	AS 37.05.550	No	GF	3.01, 3.02
Alaska Mental Health Trust Authority	AS 47.30.011	Yes	DPCU	6.01, 6.02
Alaska Municipal Bond Bank Authority	AS 44.85.020	Yes	DPCU	6.01, 6.02
Alaska National Guard and Alaska Naval Militia Retirement System	AS 26.05.222	Yes	PTF	5.01, 5.02
Alaska Natural Gas Development Authority	AS 41.41.010	Yes	DPCU	6.01, 6.02
Alaska Permanent Fund	Constitution, Art. IX, sec. 15	Yes	PF	1.11 - 1.14
Alaska Public Building	AS 37.05.570	Yes	ISF	4.41 - 4.43
Alaska Railroad Corporation	AS 42.40.010	Yes	DPCU	6.01, 6.02
Alaska Seafood Marketing Institute	AS 16.51.010	Yes	DPCU	6.01 - 6.04
Alaska Sport Fishing Construction Account	AS 16.05.130(f)	Yes	CPF	3.51, 3.52
Alaska Student Loan Corporation	AS 14.42.100	Yes	DPCU	6.01, 6.02
Alaska Technical and Vocational Education Program	AS 23.15.830	No	GF	3.01, 3.02
Alaska Transportation Infrastructure Bank	Section 350 of the NHSD Act of 1995 Federal Law	No	GF	3.01, 3.02
Alaska Veterans' Memorial Endowment	AS 37.14.700(a)	No	GF	3.01, 3.02
Alaska World War II Veterans' Revolving Loan	AS 26.15.090	Yes	CAEF	4.11 - 4.13
Alcohol and Other Drug Abuse Treatment and Prevention	AS 43.60.050	No	GF	3.01, 3.02
Alcoholism and Drug Abuse Revolving Loan	AS 44.29.210	Yes	OAEF	4.31 - 4.33

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Fund Description	Authority	Separately Reported?	Fund or Group	Statement Number
Alternative Energy Revolving Loan	AS 45.88.010	Yes	EAEF	4.21 - 4.23
Alyeska Settlement Trust	Consent decree between U.S., Alaska, and Alyeska Pipeline Service Company	Yes	SRF	3.31 - 3.33
Anatomical Gift Awareness	AS 13.50.160(a)	No	GF	3.01, 3.02
Art in Public Places	AS 44.27.060	No	GF	3.01, 3.02
Assistive Technology Loan Guarantee	AS 23.15.125	No	GF	3.01, 3.02
Building Safety Account	AS 44.31.025	No	GF	3.01, 3.02
Bulk Fuel Bridge Loan	AS 29.60.660	Yes	EAEF	4.21 - 4.23
Clean Air Protection	AS 46.14.260 Federal Clean Air Act	Yes	SRF	3.31 - 3.33
Commercial Fishing Revolving Loan	AS 16.10.340	Yes	CAEF	4.11 - 4.13
Commercial Passenger Vessel Environmental Compliance	AS 46.03.482	No	GF	3.01, 3.02
Commercial Vessel Taxes Fund	AS 43.52.230(a)	No	GF	3.01, 3.02
Community Revenue Sharing	AS 29.60.850	No	GF	3.01, 3.02
Constitutional Budget Reserve	Constitution, Art. IX, sec. 17 AS 37.13	Yes	GF	3.01, 3.02
Crime Victims Compensation Fund	AS 18.67.162	No	GF	3.01, 3.02
Deferred Compensation	AS 39.45.010	Yes	PTF	5.01, 5.02
Deposits, Suspense, and Miscellaneous		Yes	AF	5.11, 5.12
Disaster Relief	AS 26.23.300	No	GF	3.01, 3.02
Donated Commodity Fee	USC 7 CFR, Part 250	No	GF	3.01, 3.02
Educational and Museum Facility Design, Construction, and Major Maintenance (GO Bonds)	Ch 2, SSSLA 2002	Yes	CPF	3.51, 3.52
Educational Facilities Maintenance and Construction	AS 37.05.560	No	GF	3.01, 3.02
Election	Federal H.R. 3295	No	GF	3.01, 3.02
Employment Assistance and Training Program Account	AS 23.15.625	No	GF	3.01, 3.02
Exxon Valdez Oil Spill Investment Trust	PL 106-113	Yes	AF	5.11, 5.12
Exxon Valdez Oil Spill Restoration	U.S. District Court Judgment	Yes	SRF	3.31 - 3.33
Exxon Valdez Oil Spill Unincorporated Rural Community Grant	AS 44.33.115	No	GF	3.01, 3.02
Exxon Valdez Settlement Trust	AS 37.14.400	Yes	SRF	3.31 - 3.33
FHWA - Airspace Leases	Section 156 of the USSTURAA of 1987	No	GF	3.01, 3.02
FICA Administration	AS 39.30.050	No	GF	3.01, 3.02
Fish and Game	AS 16.05.100	Yes	SRF	3.31 - 3.33
Fisheries Disaster	PL 108-7, SEC 2, Division N, Title V - Fisheries Disaster, Sec. 501 (a)	No	GF	3.01, 3.02
Fisheries Enhancement Revolving Loan	AS 16.10.505	Yes	CAEF	4.11 - 4.13
Fishermen's	AS 23.35.060(a)	Yes	SRF	3.31 - 3.33
Fuel Emergency	AS 26.23.400	No	GF	3.01, 3.02

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Fund Description	Authority	Separately Reported?	Fund or Group	Statement Number
Fund for the Improvement of School Performance	AS 14.03.125	No	GF	3.01, 3.02
General Fund	Operating fund of the State	Yes	GF	3.01, 3.02
General Obligation Bond Redemption	Various SLA's	Yes	DSF	3.41, 3.42
Group Health and Life Benefits	AS 39.30.095	Yes	ISF	4.41 - 4.43
Highways Equipment Working Capital	AS 44.68.210	Yes	ISF	4.41 - 4.43
Historical District Revolving Loan	AS 45.98.010	Yes	CAEF	4.11 - 4.13
Impact Aid	Federal PL 103-382	Yes	AF	5.11, 5.12
Information Services	AS 44.21.045	Yes	ISF	4.41 - 4.43
International Airports	AS 37.15.410-550	Yes	EF	1.21 - 1.23
Investment Loss Trust	AS 37.14.300	No	PTF/SBS	5.01, 5.02
Judicial Retirement System	AS 22.25.048	Yes	PTF	5.01, 5.02
Knik Arm Bridge and Toll Authority	AS 19.75.021(a)	Yes	OAEF	4.31 - 4.33
Major Maintenance Grant	AS 14.11.007	No	GF	3.01, 3.02
Memorial Education Revolving Loan	AS 14.43.255(a)	No	GF	3.01, 3.02
Mine Reclamation Trust	AS 37.14.800(a)	Yes	SRF	3.31 - 3.33
Mining Revolving Loan	AS 27.09.010	Yes	CAEF	4.11 - 4.13
Municipal Capital Project Matching Grant	AS 37.06.010	No	GF	3.01, 3.02
Municipal Harbor Facility Grant	AS 29.60.800	No	GF	3.01, 3.02
National Petroleum Reserve	AS 37.05.530	Yes	SRF	3.31 - 3.33
Northern Tobacco Securitization Corporation	AS 18.56.086	Yes	SRF	3.31 - 3.33
Northern Tobacco Securitization Corporation Bond Redemption	AS 18.56.086	Yes	DSF	3.41, 3.42
Oil and Gas Tax Credit	AS 43.55.028	No	GF	3.01, 3.02
Oil and Hazardous Substance Release Prevention and Response	AS 46.08.010(a)	No	GF	3.01, 3.02
Oil and Hazardous Substance Release Prevention Mitigation Account	AS 46.08.020(b)	No	GF	3.01, 3.02
Oil and Hazardous Substance Release Response Mitigation Account	AS 46.08.025(b)	No	GF	3.01, 3.02
Originator Surety	AS 06.60.500	No	GF	3.01, 3.02
Permanent Fund Dividend	AS 43.23.045	Yes	GF	3.01, 3.02
Public Advocacy Trust	AS 44.21.410	Yes	AF	5.11, 5.12
Public Education	AS 14.17.300	Yes	GF	3.01, 3.02
Public Employees' Retirement System	AS 39.35.095-680 AS 39.35.700-990	Yes	PTF	5.01, 5.02
Public School Trust	AS 37.14.110	Yes	PF	3.11, 3.12
Railbelt Energy	AS 37.05.520	No	GF	3.01, 3.02
Randolph-Sheppard Small Business	AS 23.15.130 20 USC 107-107(f)	No	GF	3.01, 3.02
Real Estate Recovery	AS 08.88.450	No	GF	3.01, 3.02
Reclamation Bonding Pool	AS 27.19.040	Yes	SRF	3.31 - 3.33
Regional Cruise Ship Impact Fund	AS 43.52.230 (c)	No	GF	3.01, 3.02
Residential Energy Conservation	AS 45.89.010	Yes	EAEF	4.21 - 4.23
Retiree Health	AS 26.05.020, AS 22.25.048, AS 39.35.020, AS 14.25.010	Yes	PTF	5.01, 5.02

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School	AS 43.50.140	Yes	SRF	3.31 - 3.33
School Construction Grant	AS 14.11.005	No	GF	3.01, 3.02
School Trust Land Sales	Attorney General Opinion	No	GF	3.01, 3.02
Second Injury	AS 23.30.040	Yes	SRF	3.31 - 3.33
Senior Care	Ch 3, SLA 2004	No	GF	3.01, 3.02
Small Business Revolving Loan	AS 45.81.240	Yes	CAEF	4.11 - 4.13
State Insurance Catastrophe Reserve Account	AS 37.05.289	No	GF	3.01, 3.02
State Land Disposal Income	AS 38.04.022(a)	No	GF	3.01, 3.02
State Land Reforestation	AS 41.17.300	No	GF	3.01, 3.02
Statutory Budget Reserve	AS 37.05.540	Yes	GF	3.01, 3.02
Supplemental Benefits System	AS 39.30.150	Yes	PTF	5.01,5.02
Surplus Property Revolving	AS 37.05.500(a)(2) AS 44.68.130	No	GF	3.01, 3.02
Teachers' Retirement System	AS 14.25.009-220 AS 14.25.310-590	Yes	PTF	5.01, 5.02
Tobacco Use Education and Cessation	AS 37.05.580(a)	No	GF	3.01, 3.02
Training and Building	AS 23.20.130(d)	No	GF	3.01, 3.02
Trans-Alaska Pipeline Liability (TAPS) Rebate	Federal PL 101-380	No	GF	3.01, 3.02
Transportation Projects (GO Bonds)	Ch 114, SLA 2002	Yes	CPF	3.51, 3.52
Unemployment Compensation	AS 23.20.130	Yes	OAEF	4.31,4.33
Unincorporated Community Capital Project Matching Grant	AS 37.06.020	No	GF	3.01, 3.02
University of Alaska	AS 14.40.040	Yes	DPCU	1.41, 1.42
Vocational Rehabilitation Small Business Enterprise Revolving	AS 23.15.130	No	GF	3.01, 3.02
Wage and Hour	AS 23.05.220	Yes	AF	5.11, 5.12
Workers' Compensation Benefits Guaranty	AS 23.30.082	No	GF	3.01, 3.02
Workers' Safety and Compensation Administration Account	AS 23.05.067	No	GF	3.01, 3.02

Legend of Acronyms

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LEGEND OF ACRONYMS

Acronym	Description
AAC	Alaska Aerospace Corporation
AEA	Alaska Energy Authority
AF	Agency Fund
AHCC	Alaska Housing Capital Corporation
AHFC	Alaska Housing Finance Corporation
AIDEA	Alaska Industrial Development and Export Authority
ALAE	Allocated Loss Adjustment Expense
AMBBA	Alaska Municipal Bond Bank Authority
AMHTA	Alaska Mental Health Trust Authority
ANGDA	Alaska Natural Gas Development Authority
APFC	Alaska Permanent Fund Corporation
ARHCT	Alaska Retiree Health Care Trust
ARMB	Alaska Retirement Management Board
ARRA	American Recovery and Reinvestment Act
ARRC	Alaska Railroad Corporation
AS	Alaska Statute
ASLC	Alaska Student Loan Corporation
ASMI	Alaska Seafood Marketing Industry
CAEF	Commercial Assistance Enterprise Fund
CBRF	Constitutional Budget Reserve Fund
CFR	Code of Federal Regulations
CH	Chapter
COPs	Certificates of Participation
CPF	Capital Project Fund
CSED	Child Support Enforcement Division
DCP	Deferred Compensation Plan
DPCU	Discretely Presented Component Unit
DSF	Debt Service Fund
DSMAF	Deposits, Suspense, and Miscellaneous Agency Funds
EAEF	Energy Assistance Enterprise Fund
EF	Enterprise Fund
EMGF	Emerging Markets Growth Fund

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LEGEND OF ACRONYMS

Acronym	Description
EPORS	Elected Public Officers Retirement System
EVOS	Exxon Valdez Oil Spill
FHWA	Federal Highway Administration
FICA	Federal Insurance Contributions Act
FIFO	First In First Out
FSSLA	First Special Session Laws of Alaska
FY	Fiscal Year
GAAP	Generally Accepted Accounting Principles
GASBS	Governmental Accounting Standards Board Statement
GeFONSI	General Fund and Other Non-segregated Investments
GF	General Fund
HRA	Health Reimbursment Arrangement
H.R.	House Resolution
IAF	International Airport Fund
ISF	Internal Service Fund
JRS	Judicial Retirement System
KABTA	Knik Arm Bridge and Toll Authority
MD&A	Management Discussion & Analysis
MSA	Master Settlement Agreement
NGNMRS	National Guard and Alaska Naval Militia Retirement System
NR	Not Reported in CAFR
NRSRO	Nationally Recognized Statistical Rating Organization
NTSC	Northern Tobacco Securitization Corporation
OAEF	Other Agencies Enterprise Fund
OAH	Office of Administrative Hearings
OD&D	Occupational Death & Disability
PERS	Public Employees Retirement System
PF	Permanent Funds
PL	Public Law
PPA	Prior Period Adjustment
PSF	Public School Fund
PTF	Pension and Other Employee Benefit Trust Fund

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LEGEND OF ACRONYMS

Acronym	Description
RHF	Retiree Health Fund
RMP	Retiree Major Medical Insurance
SBS	Supplemental Benefits System
SF	Sport Fish
SIR	Self-Insured Retention
SLA	Session Laws of Alaska
SSSLA	Second Special Session Laws of Alaska
SRF	Special Revenue Fund
TRS	Teachers Retirement System
TSR	Tobacco Settlement Revenues
U of A	University of Alaska
USC	United States Code
USSTURAA	United States Surface Transportation and Uniform Relocation Assistance Act